

**THE CANADIAN BANK
OF COMMERCE**

ANNUAL REPORT

TO WHICH IS APPENDED

**A REVIEW OF BUSINESS CONDITIONS
DURING THE YEAR 1915**

30th NOVEMBER, 1915

THE CANADIAN BANK
OF COMMERCE

ANNUAL REPORT

30TH NOVEMBER, 1915







THE CANADIAN BANK OF COMMERCE

CAPITAL PAID-UP - - - - - \$15,000,000
REST - - - - - 13,500,000

DIRECTORS:

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ROBERT STUART, Esq.	H. J. FULLER, Esq.
SIR JOHN MORISON GIBSON, K.C.M.G.,	F. P. JONES, Esq.
K.C., LL.D.	H. C. COX, Esq.

LONDON COMMITTEE:

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HALIFAX COMMITTEE:

H. N. WALLACE, Esq., Chairman
C. W. ANDERSON, Esq.
W. J. G. THOMSON, Esq.
JOHN MACNAB, Esq.

SHERBROOKE COMMITTEE:

WM. FARWELL, Esq., D.C.L., Chairman
C. H. KATHAN, Esq.
J. S. MITCHELL, Esq.
F. N. McCREA, Esq., M.P.
B. C. HOWARD, Esq.



THE CANADIAN BANK OF COMMERCE

HEAD OFFICE: TORONTO

PRESIDENT - - - Sir Edmund Walker, C.V.O., LL.D., D.C.L.

GENERAL MANAGER - - - - - John Aird

ASSISTANT GENERAL MANAGER - - - H. V. F. Jones

SUPERINTENDENT OF BRANCHES - - - A. H. Ireland

SUPERINTENDENT OF PACIFIC COAST BRANCHES - - H. H. Morris

SUPERINTENDENT OF CENTRAL WESTERN BRANCHES - V. C. Brown

MANAGER-IN-CHIEF, EASTERN TOWNSHIPS DIVISION - J. Mackinnon

CHIEF INSPECTOR - - - - - R. A. Rumsey

ACTING INSPECTOR - - - - E. L. Stewart Patterson

INSPECTORS

Wm. Hogg, W. Spier, F. B. Francis, C. L. Foster, J. B. Corbet,
F. M. Gibson

ASSISTANT INSPECTORS

E. C. Grundy, E. E. Henderson, B. P. Alley, W. P. Rapley,
D. B. Falkner, G. F. Parton, W. Hastie.

SUPERVISOR OF BANKING ACCOUNTS AND EXCHANGES - T. F. Aspden

SUPERVISOR OF BANK PREMISES - - - - Duncan Donald

SECRETARY - - - - - A. St. L. Trigge

BRANCHES

BRITISH COLUMBIA AND YUKON—

CHILLIWACK	K. V. MUNRO . . .	Manager
COURTENAY	F. C. BROCK . . .	"
CRANBROOK	J. M. CHRISTIE . .	"
CRESTON	C. G. BENNETT . .	"
CUMBERLAND	A. J. BURNSIDE . .	"
DAWSON, YUKON	T. S. LEITCH . . .	"
DUNCAN	M. LAMONT . . .	Act. Mgr.
FERNIE	P. B. FOWLER . . .	Manager
GOLDEN	N. M. FOULKES . .	"
GRAND FORKS	C. H. NILES . . .	"
GREENWOOD	J. G. MULLEN . . .	"
KAMLOOPS	G. S. HOLT . . .	"
KELOWNA	J. A. FORSTER . . .	"
KEREMEOS	E. F. CORBET . . .	Act. Mgr.
LADYSMITH	G. A. BONNALLIE . .	Manager
MISSION CITY	W. H. MATHEWSON .	"
NAKUSP	F. W. HEATHCOTE . .	"
NANAIMO	E. H. BIRD . . .	"
NELSON	L. A. S. DACK . . .	"
NEW WESTMINSTER	H. R. DAVIDSON . .	"
NORTH VANCOUVER	H. G. PANGMAN . .	"
PARKSVILLE	H. T. NEWMARCH . .	"
PENTICTON	THOMAS ANDREWS . .	"
PHOENIX	R. TAYLOR . . .	Act. Mgr.
PRINCE RUPERT	L. M. DE GEX . . .	Manager
PRINCETON	J. D. ANDRAS . . .	"
REVELSTOKE	W. J. COULTHARD . .	"
ROCK CREEK	W. S. LONGHURST . .	Act. Mgr.
SALMON ARM	A. J. MARLOW . . .	Manager
SOUTH HILL	P. S. WOOD . . .	"
SUMMERLAND	J. D. LEWIS . . .	Act. Mgr.
VANCOUVER	{ G. V. HOLT . . .	Manager.
	{ A. C. STEVEN . . .	Asst. Mgr.
Do. COMMERCIAL DRIVE	W. H. JAMES . . .	Manager
Do. EAST	C. W. DURRANT . . .	"
Do. FAIRVIEW	M. NICHOLSON . . .	"
Do. HASTINGS AND CAMBIE	W. H. HARGRAVE . .	"
Do. KITSILANO	P. GOMERY . . .	"
Do. MOUNT PLEASANT	HUBERT HAINES . . .	"
Do. POWELL ST	H. B. GORDON . . .	"
VERNON	J. I. E. CORBET . . .	"
VICTORIA	F. L. CRAWFORD . .	"
Do. NORTH	H. R. BEAVEN . . .	"
Do. OAK BAY AVE.	A. B. MOREKILL . . .	Act. Mgr.
WHITE HORSE, YUKON	J. C. NEWMARCH . .	Manager.

WESTERN PROVINCES—

ADMIRAL, SASK.	E. W. SPURR . . .	Act. Mgr.
ATHABASCA, ALTA.	R. C. HAYWARD . . .	Manager
BASSANO, ALTA.	R. P. FINDLAY . . .	"
BAWL, ALTA.	E. L. KENNY . . .	Act. Mgr.
BENGOUGH, SASK.	J. E. GRASETT . . .	Manager

BRANCHES—Continued

BIGGAR, SASK.	C. L. MILES	Manager
BLAINE LAKE, SASK	R. H. WILSON	"
BRANDON, MAN.	A. MAYBEE	"
BRIERCREST, SASK.	J. B. ROBINSON	"
BRODERICK, SASK	A. H. MUNROE	"
CALGARY, ALTA.	C. G. K. NOURSE	"
Do. EAST	R. W. H. KING	Asst. Mgr.
Do. FIRST ST. WEST	W. C. DUNCAN	Manager
Do. MOUNT ROYAL	W. D. LAWSON	"
CANORA, SASK	C. B. F. JONES	"
CARMAN, MAN.	K. W. REIKIE	"
CARMANGAY, ALTA.	V. M. DUNLEVIE	"
CENTRAL BUTTE, SASK.	W. G. HAMILTON	"
CHAMPION, ALTA	J. F. BERRY	Act. Mgr.
CLARESHOLM, ALTA.	E. G. OGILVIE	Manager
COLEMAN, ALTA.	J. WALKER	"
CROSSFIELD, ALTA	WM. BULLOCK	"
CUDWORTH, SASK.	S. H. BRAY	"
DAUPHIN, MAN.	G. L. NASH	"
DELIA, ALTA.	E. R. JARVIS	"
DELISLE, SASK.	A. M. STARRATT	"
DRINKWATER, SASK	C. S. FREEMAN	"
EDAM, SASK.	D. I. FORBES	"
EDMONTON, ALTA.	A. R. GRAHAM	"
Do. STRATHCONA	T. M. TURNBULL	"
ELBOW, SASK	D. CLARKSON	"
ELFROS, SASK.	M. MACPHERSON	"
ELGIN, MAN.	H. HAMMER	"
ELKHORN, MAN.	W. E. D. FARMER	"
GILBERT PLAINS, MAN.	R. H. BROTHERHOOD	"
GILROY, SASK.	C. B. NARRAWAY	"
GLEICHEN, ALTA.	D. S. DUNN	Act. Mgr.
GRANDVIEW, MAN.	JAMES CAMERON	Manager
GRANUM, ALTA.	A. W. CHAMBERS	"
HAFFORD, SASK.	F. W. WEST	"
HANNA, ALTA.	J. C. RIDDELL	"
HARDISTY, ALTA.	S. H. CURRAN	"
HAWARDEN, SASK.	A. F. GARLAND	"
HERBERT, SASK.	C. L. WHITEBY	"
HIGH RIVER, ALTA.	R. N. SHAW	"
HUMBOLDT, SASK	A. G. VERCHÈRE	"
INNISFAIL, ALTA.	A. F. McCONKEY	"
INNISFREE, ALTA.	F. J. MACOUN	"
KAMSACK, SASK.	F. E. HAWLEY	"
KERROBERT, SASK	A. HAMILTON	"
KINCAID, SASK.	W. D. ELLIOT	"
KINDERSLEY, SASK.	J. F. FRASER	"
KITSCOTY, ALTA.	W. V. GORDON	"
LAKE SASKATOON, ALTA.	R. C. AMES	"
LANGHAM, SASK.	C. CADY	"
LANIGAN, SASK.	H. S. BRUCE	"
LASHBURN, SASK.	H. H. LOWE	"
	G. E. CLARKE	"

BRANCHES—Continued

LETHBRIDGE, ALTA.	R. T. BRYMNER	Manager
LEWVAN, SASK.	R. M. TUCKER	Act. Mgr.
LLOYDMINSTER, SASK.	A. J. MAYNARD	Manager
LOUGHEED, ALTA.	H. R. MAIN	"
MACLEOD, ALTA.	H. G. HURLBURT	"
MARCELIN, SASK.	W. L. RIPPON	Act. Mgr.
MEDICINE HAT, ALTA.	W. G. LYNCH	Manager
MELFORT, SASK.	J. T. BEATTIE	"
MELVILLE, SASK.	A. W. WHITE	"
MILESTONE, SASK.	R. J. HOLMES	"
MILK RIVER, ALTA.	A. GORDON	"
MONITOR, ALTA.	W. H. MARTIN	"
MOOSEJAW, SASK.	H. M. STEWART	"
MOOSOMIN, SASK.	B. L. BROWN	"
MORSE, SASK.	F. H. ADAMSON	"
NANTON, ALTA.	A. L. JENSEN	"
NEEPAWA, MAN.	H. L. WETHEY	"
NOKOMIS, SASK.	M. St. C. McLEAN	"
NORTH BATTLEFORD, SASK.	W. HILBORN	"
NUTANA, SASK.	L. E. GRIFFITH	"
OLDS, ALTA.	R. N. AYLWARD	"
OUTLOOK, SASK.	J. A. SMITH	"
PEACE RIVER CROSSING, ALTA.	ALLAN MCKENZIE	"
PINCHER CREEK, ALTA.	R. B. BUCHANAN	"
PONOKA, ALTA.	L. G. CROZIER	"
PORTAGE LA PRAIRIE, MAN.	J. H. MORRISON	"
PRINCE ALBERT, SASK.	E. A. FOX	"
PROVOST, ALTA.	W. W. ORR	"
RADISSON, SASK.	C. PADLEY	"
RADVILLE, SASK.	W. M. MCKIE	"
RED DEER, ALTA.	F. C. WHITEHOUSE	"
REGINA, SASK.	A. W. RIDOUT	"
RETLAW, ALTA.	F. A. STUART	"
RIVERS, MAN.	M. R. COMPLIN	"
ROCKYFORD, ALTA.	J. H. EAKIN	"
SASKATOON, SASK.	W. P. KIRKPATRICK	"
SHAUNAVON, SASK.	WM. KIDD	"
SHELLBROOK, SASK.	G. W. SUTHERLAND	"
STAVELY, ALTA.	HENRY S. OATS	"
STONY PLAIN, ALTA.	R. ROBERTS	"
STRATHMORE, ALTA.	C. G. LEWIS	"
SWAN RIVER, MAN.	G. H. WINSTANLEY	"
SWIFT CURRENT, SASK.	W. J. SAVAGE	"
TABER, ALTA.	GEO. E. EWING	"
THE PAS, MAN.	F. S. BEATTIE	Act. Mgr.
TRANSCONA, MAN.	E. W. BASSETT	Manager
TREHERNE, MAN.	R. P. MORRISON	"
TUGASKE, SASK.	C. W. COCHLAN	"
VEGREVILLE, ALTA.	R. W. WINFIELD	"
VERMILION, ALTA.	A. J. REYNOLDS	"
VIRDEN, MAN.	W. T. WHITE	"
VONDA, SASK.	L. CUTHBERT	"
VULCAN, ALTA.	A. W. PENTLAND	"

BRANCHES—Continued

WADENA, SASK.	H. O. GUDGIN . . .	Manager
WARNER, ALTA.	M. L. GORDON . . .	"
WATROUS, SASK.	J. H. DENT . . .	"
WATSON, SASK.	A. H. MARCON . . .	"
WETASKIWIN, ALTA.	G. G. SUTHERLAND . . .	Act. Mgr.
WEYBURN, SASK.	H. J. NEALE . . .	Manager
WILCOX, SASK.	F. L. RHODES . . .	"
WILLOW BUNCH, SASK.	THOS. WINSBY . . .	"
WINNIPEG, MAN.	C. W. ROWLEY . . .	"
Do. ALEXANDER AVE.	C. GORDON . . .	Asst. Mgr.
Do. BLAKE STREET . . .	D. H. GORDON . . .	Manager
Do. ELMWOOD . . .	L. W. NEWSOM . . .	Act. Mgr.
Do. FORT ROUGE . . .	D. H. TOLMIE . . .	Manager
Do. KELVIN STREET . . .	H. O. SHURTLEFF . . .	Act. Mgr.
Do. NORTH . . .	D. H. TOLMIE . . .	Manager
Do. PORTAGE AVE. . .	C. F. A. GREGORY . . .	"
WISETON, SASK.	G. M. PATTERSON . . .	"
YELLOWGRASS, SASK.	J. V. STEEL . . .	"
YORKTON, SASK.	D. M. KYDD . . .	"
YOUNGSTOWN, ALTA.	C. A. MERCER . . .	"
	W. BARRY . . .	"

ONTARIO—

AYR . . .	C. MURRAY STEWART . . .	Manager
BARRIE . . .	L. F. CROSS . . .	"
BELLEVILLE . . .	C. M. STORK . . .	"
BERLIN . . .	G. M. WEDD . . .	"
BLENHEIM . . .	O. F. ANDERSON . . .	"
BRANTFORD . . .	H. W. FITTON . . .	"
BROCKVILLE . . .	W. H. COLLINS . . .	"
CAYUGA... . .	C. D. NEVILL . . .	"
CHATHAM . . .	J. SIMON . . .	"
COBALT . . .	H. G. MATHEWSON . . .	"
COLLINGWOOD . . .	J. McE. MURRAY . . .	"
CORNWALL . . .	A. E. CURRIE . . .	"
CREDITON . . .	A. E. KUHN . . .	"
DRESDEN . . .	W. T. GERALD . . .	"
DUNDAS . . .	S. N. MOFFAT . . .	"
DUNNVILLE . . .	G. E. PARKES . . .	"
EMO . . .	A. F. TURNER . . .	"
EXETER . . .	H. J. WHITE . . .	"
FORD . . .	W. J. McHUGH . . .	"
FOREST . . .	W. J. F. ROSS . . .	"
FORT FRANCES . . .	A. F. TURNER . . .	"
FORT WILLIAM . . .	R. M. SAUNDERS . . .	"
GALT . . .	C. E. A. DOWLER . . .	"
GODERICH . . .	G. WILLIAMS . . .	"
GRIMSBY . . .	G. L. WAUGH . . .	"
GUELPH . . .	J. M. DUFF . . .	"
HAMILTON . . .	D. B. DEWAR . . .	"
INGERSOLL . . .	W. C. JOHNSTON . . .	"
KINGSTON . . .	P. C. STEVENSON . . .	"

BRANCHES—Continued

LINDSAY	E. M. LOCKIE	Manager
LONDON	A. D. MCLEAN	"
MADOC	A. Y. SNIDER	"
NIAGARA FALLS	C. BALLARD	"
ORANGEVILLE	J. D. BURPEE	"
OSHAWA	T. S. LITTLE	"
OTTAWA	M. D. HAMILTON	"
Do. BANK STREET	H. A. HOLMES	"
PARIS	D. H. DOWNIE	"
PARKHILL	T. L. ROGERS	"
PARRY SOUND	H. C. STRANGE	"
PETERBORO	W. H. DUNSFORD	"
PORT ARTHUR	A. W. ROBERTS	"
PORT COLBORNE	W. H. PAGET	"
PORT PERRY	C. F. WORRELL	"
PORT STANLEY	S. M. JOHNSTON	"
RAINY RIVER	F. A. CHAPMAN	"
ST. CATHARINES	} R. G. W. CONOLLY	"
Do. PAGE AND QUEENSTON		
ST. THOMAS	W. G. WHITESIDE	"
SARNIA	J. L. BUCHAN	"
SAULT STE. MARIE	} H. C. MORRIS	"
Do. WEST END		
SEAFORTH	W. C. T. MORSON	"
SIMCOE	W. C. J. KING	"
SMITH'S FALLS	A. H. ALLEN	Act. Mgr.
SOUTH PORCUPINE	J. P. TAILLON	Manager
STRATFORD	R. T. MUSSEN	"
STRATHROY	J. WALTON	"
SUDBURY	GAVIN SHEARER	"
THEDFORD	J. FULLER	"
TILLSONBURG	J. R. HARRISON	"
TIMMINS	J. P. TAILLON	"
TORONTO	D. A. CAMERON	Asst. Mgr.
	E. P. GOWER	
	G. G. LAIRD	
	J. L. HUBBELL	
Do. BLOOR AND DUFFERIN	S. H. FALKNER	Manager
Do. BLOOR AND LIPPINCOTT	JAMES BRYDON	"
Do. BLOOR AND YONGE	E. C. PRINGLE	"
Do. COLLEGE AND DOVERCOURT	W. C. JAMES	"
Do. DANFORTH AND BROADVIEW	C. E. JOHNSON	"
Do. EARLSCOURT	N. ST. B. YOUNG	"
Do. GERRARD AND PAPE	T. A. CHISHOLM	"
Do. MARKET	W. A. COOKE	"
Do. PARKDALE	A. H. CREASE	"
Do. PARLIAMENT STREET	H. POLSON	"
Do. QUEEN AND BATHURST	D. DAVIES	"
Do. QUEEN EAST	H. F. D. SEWELL	"
Do. SPADINA AND COLLEGE	J. B. MCCUAIG	"
Do. WEST TORONTO	W. T. SMITH	Act. Mgr.
Do. WYCHWOOD	G. C. T. PEMBERTON	Manager
Do. YONGE AND COLLEGE	G. B. MUNRO	"
Do. YONGE AND EGLINTON	H. C. RAE	"
Do. YONGE AND QUEEN		

BRANCHES—Continued

WALKERTON	H. M. LAY	Manager
WALKERVILLE	H. B. PARSONS	"
WATERLOO	R. H. EDMONDS	"
WIARTON	A. E. JACKSON	"
WINDSOR	A. E. TAYLER	"
WINGHAM	REG. S. WILLIAMS	"
WOODSTOCK	G. A. HOLLAND	"

SUB-AGENCIES

	Sub Agency to	Open for business
CAMLACHIE	Forest	Tues. & Thur.
SCHUMACHER	South Porcupine	Mon. & Thur. 5 to 6 p.m.

QUEBEC—

ACTON VALE	E. R. TANNER	Manager
ASBESTOS	L. P. BISHOP	"
AYER'S CLIFF	F. A. JOHNSTON	"
BEDFORD	A. S. McCAW	"
BEEBE	H. G. KIRWIN	"
BELOEIL	A. M. BRODEUR	"
BIC	W. CLOUTIER	"
CHICOUTIMI	L. P. BOURGOING	"
CLARENCEVILLE	F. L. NUNNS	"
COATICOOK	L. M. THOMAS	"
COOKSHIRE	W. E. LEARNED	"
COWANSVILLE	F. E. KERRIDGE	"
DANVILLE	L. P. BISHOP	"
DUNHAM	F. E. KERRIDGE	"
EAST ANGUS	D. H. PARMELEE	"
EASTMAN	C. W. HAWLEY	"
FARNHAM	G. C. BORIGHT	"
FRELIGHTSBURG	M. R. WHITCOMB	Act. Mgr.
GRANBY	A. C. SMITH	Manager
HEMMINGFORD	P. H. M. SOMERVILLE	"
HOWICK	N. H. SLACK	"
HUNTINGDON	C. W. THOMAS	"
JOLIETTE	H. E. TEMPLE	"
KNOWLTON	F. A. MORGAN	"
LACOLLE	E. A. CHADSEY	"
LENNOXVILLE	L. G. T. LYNCH	"
MAGOG	H. A. C. SCARTH	"
MANSONVILLE	K. R. TURNER	"
MARBLETON	J. I. McCABE	"
MARIEVILLE	J. C. R. MARCHAND	"
MEGANTIC	G. M. THOMPSON	"
MONTREAL	H. B. WALKER	"
	J. A. C. KEMP	Asst. Mgr.
Do. CRESCENT AND ST. CATHER- INE	M. A. MACFARLANE	Manager

BRANCHES—Continued

MONTREAL, MAISONNEUVE . . .	E. H. CARTER . . .	Manager
Do. PRINCE ARTHUR AND PARK . .	A. C. TURNER . . .	"
Do. ST. CATHERINE & CITY HALL .	W. E. MOREHOUSE . .	"
Do. ST. CATHERINE AND MET- CALFE	D. McLENNAN . . .	"
Do. ST. DENIS AND DULUTH . . .	J. R. BOIVIN . . .	"
NORTH HATLEY	A. R. VIRGIN . . .	Act. Mgr.
ORMSTOWN	N. H. SLACK . . .	Manager
POINTE AUX TREMBLES	S. A. FORBES . . .	"
QUEBEC	A. G. CAMPBELL . .	Act. Mgr.
Do. UPPER TOWN	G. L. DOAK . . .	Manager
RICHMOND	A. S. RAIMBACH . .	"
RIMOUSKI	W. CLOUTIER . . .	"
ROCK ISLAND	J. M. O'HALLORAN .	"
ROXTON FALLS	J.M. RENÉ DE COTRÊT .	Act. Mgr.
ST. CHRYSOSTOME	N. H. SLACK . . .	Manager
ST. FELIX DE VALOIS	J. A. PARENT . . .	"
ST. FERDINAND D'HALIFAX . . .	A. E. WARD . . .	"
ST. GABRIEL DE BRANDON . . .	A. GUAY . . .	"
ST. GEORGE, BEAUCE	C. A. TUCKER . . .	"
ST. HYACINTHE	J. LAFRAMBOISE . .	"
ST. JOHNS	J. MACLOUGHLIN . .	"
ST. JOSEPH DE BEAUCE	A. L. DESSERT . . .	"
ST. REMI	J. A. ROY . . .	"
SCOTSTOWN	C. E. SOLES . . .	"
SHERBROOKE	{ E. W. FARWELL . . .	"
Do. UPPER TOWN	{ A. P. TAYLOR . . .	Asst. Mgr.
Do. WELLINGTON ST.	N. F. DINNING . . .	Manager
STANBRIDGE EAST	F. A. BRIGGS . . .	"
SUTTON	G. D. HARVEY . . .	"
THETFORD MINES	T. W. JUDD . . .	"
THREE RIVERS	J. H. DOAK . . .	"
VALCOURT	E. W. MORGAN . . .	"
WATERLOO	E. DUMOULIN . . .	"
WATERVILLE	J. E. THOMPSON . .	"
WEEDON	J. T. THOMAS . . .	"
WEST SHEFFORD	J. I. McCABE . . .	"
WINDSOR MILLS	H. E. GREEN . . .	"
	K. G. NOURSE . . .	"

SUB-AGENCIES

	Sub-Agency to	Open for Business
BISHOPS CROSSING	East Angus . . .	Daily
BROME	Knowlton . . .	Tues. and Fri.
CHAMBLY	Marieville . . .	Daily
COMPTON	Coaticook . . .	Daily
DIXVILLE	Coaticook . . .	Friday
EAST HATLEY	Ayer's Cliff . . .	Tues., 10 to 12
IBERVILLE	St. Johns . . .	Daily
PHILIPSBURG	Bedford . . .	Mon. and Thur., 2 to 4
ST. ARMAND STATION	Bedford . . .	Mon. and Thur., 10 to 12
STANSTEAD	Rock Island . . .	Daily
THETFORD MINES WEST	Thetford Mines . .	Daily

BRANCHES—Continued

MARITIME PROVINCES—

ALBERTON, P.E.I.	W. C. LAWSON . . .	Manager
AMHERST, N.S.	R. C. MACPHERSON . .	"
ANTIGONISH, N.S.	W. H. HARRISON . . .	"
BARRINGTON, N.S.	F. W. HOMER	"
BRIDGEWATER, N.S.	T. W. MAGEE	"
CAMPBELLTON, N.B.	J. L. CLAXTON	"
CHARLOTTETOWN, P.E.I.	G. W. HARRISON . . .	"
FREDERICTON, N.B.	F. W. DE MILLE . . .	"
HALIFAX, N.S.	D. MACGILLIVRAY . .	"
MIDDLETON, N.S.	C. N. ROOP	"
MONCTON, N.B.	W. H. LUGSDIN . . .	"
MONTAGUE, P.E.I.	L. H. COFFIN	"
NEW GLASGOW, N.S.	B. DE VEBER	"
PARRSBORO, N.S.	R. M. MCCAUL	"
ST. JOHN, N.B.	C. W. HALLAMORE . .	"
SHELBURNE, N.S.	E. B. WALKER	"
SOURIS, P.E.I.	E. P. STAVERT	"
SPRINGHILL, N.S.	J. H. ROBERTSON . .	"
SUMMERSIDE, P.E.I.	C. HENSLEY	"
SYDNEY, N.S.	J. H. McQUAID . . .	"
TRURO, N.S.	C. W. MONTGOMERY . .	"
WINDSOR, N.S.	J. A. RUSSELL	"

SUB-AGENCY

	Sub. Agency to	Open for Business
HANTSPORT	Windsor	Mon., Wed. and Fri.

NEWFOUNDLAND—

ST. JOHN'S	S. H. LOGAN	Manager
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UNITED STATES—

NEW YORK, N.Y.	{ J. P. BELL }	Agents
	{ H. P. SCHELL . . . }	
PORTLAND, ORE.	F. C. MALPAS	Manager
SAN FRANCISCO, CAL.	{ G. W. B. HEATHCOTE .	"
	{ A. A. WILSON . . . }	Asst. Mgr.
SEATTLE, WASH.	E. B. IRELAND . . .	Manager

GREAT BRITAIN—

LONDON, 2 Lombard Street, E.C.		
C. CAMBIE		Manager
A. R. PHIPPS		Asst. Mgr.

MEXICO—

MEXICO, Avenida San Francisco No. 50		
D. MUIRHEAD		Asst. Mgr.

THE CANADIAN BANK OF COMMERCE

[For the convenience of Shareholders on the London Register, the Profit and Loss Account and the Balance Sheet are here given in Sterling, at the par of Exchange.]

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 30TH NOVEMBER, 1915

Balance at credit of Profit and Loss Account, brought forward from last year	£229,677	7	8
Net profits for the year ending 30th November, after providing for all bad and doubtful debts....	483,295	1	3
	<u>£712,972</u>	<u>8</u>	<u>11</u>

This has been appropriated as follows:

Dividends Nos. 112, 113, 114 and 115, at ten per cent. per annum.....	£308,219	3	7
Bonus of one per cent. payable 1st June.....	30,821	18	4
Bonus of one per cent. payable 1st December....	30,821	18	4
Reserved against further depreciation in value of securities held by the Bank.....	205,479	9	0
War tax on bank-note circulation to 30th November	25,254	17	2
Transferred to Pension Fund (annual contribution)	16,438	7	2
Subscription to British Red Cross Society.....	1,027	8	0
Balance carried forward.....	94,909	7	4
	<u>£712,972</u>	<u>8</u>	<u>11</u>

GENERAL STATEMENT

30TH NOVEMBER, 1915

LIABILITIES

Notes of the Bank in circulation.....	£ 3,369,433	1	9
Deposits not bearing interest. £ 10,883,177	3	2	
Deposits bearing interest, including interest accrued to date	29,087,318	8	8
	39,970,495	11	10
Balances due to other Banks in Canada	154,392	9	4
Balances due to Banks and Banking Correspondents elsewhere than in Canada	1,294,526	13	4
Bills payable	308,515	13	4
Acceptances under Letters of Credit	299,670	19	1
	£ 45,397,034	8	8
Dividends unpaid	557	11	6
Dividend No. 115 and bonus, payable 1st December	107,876	14	3
Capital Paid up	£ 3,082,191	15	8
Rest Account	2,773,972	12	1
Balance of Profits as per Profit and Loss Account...	94,909	7	4
	5,951,073	15	1
	£ 51,456,542	9	6

ASSETS

Current Coin	£ 3,773,225	15	0
Dominion notes	4,425,814	0	2
	£ 8,199,039	15	2
Notes of other Banks	£ 344,411	14	4
Cheques on other Banks	1,613,843	1	6
Balances due by other Banks in Canada	11	19	2
Balances due by Banks and Banking Correspondents elsewhere than in Canada	1,298,590	13	7
	3,256,857	8	7
Dominion and Provincial Government Securities, not exceeding market value	395,255	7	11
British, Foreign and Colonial Public Securities and Canadian Municipal Securities	353,272	6	4
Railway and other Bonds, Debentures and Stocks, not exceeding market value	1,975,310	14	3
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks	2,639,901	13	0
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada	3,808,423	16	10
Deposit with the Minister of Finance for the purposes of the Circulation Fund	160,985	1	2
	£ 20,789,046	3	3

GENERAL STATEMENT

30TH NOVEMBER, 1915

ASSETS—Continued

Brought forward.....	£ 20,789,046	3	3
Other Current Loans and Discounts in Canada (less rebate of interest).....	26,895,835	3	10
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....	2,060,507	6	10
Liabilities of Customers under Letters of Credit, as per contra.....	299,670	19	1
Overdue Debts (estimated loss provided for)....	104,489	10	0
Real Estate other than Bank Premises (including the un- sold balance of former premises of the Eastern Townships Bank).....	£ 259,743	2	6
Less mortgage assumed...	20,547	18	11
	239,195	3	7
Mortgages on Real Estate sold by the Bank.....	80,041	5	6
Bank Premises at cost, less amounts written off	£ 1,035,539	1	9
Less mortgage assumed on property purchased.....	61,643	16	9
	973,895	5	0
Other Assets not included in the foregoing.....	13,861	12	5
	<u>£ 51,456,542</u>	<u>9</u>	<u>6</u>

B. E. WALKER,
President

JOHN AIRD,
General Manager

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November 1915, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A. of Webb, Read, Hegan, Callingham & Co.	} AUDITORS
JAMES MARWICK, C.A. of Marwick, Mitchell, Peat & Co.	

GENERAL STATEMENT

30TH NOVEMBER, 1915

LIABILITIES

Notes of the Bank in circulation.....	\$ 16,397,907 68
Deposits not bearing interest.....	\$ 52,964,795 51
Deposits bearing interest, including interest accrued to date.....	141,558,283 05
Balances due to other Banks in Canada.....	194,523,078 56
Balances due to Banks and Banking Correspondents elsewhere than in Canada.....	751,376 67
Bills payable.....	6,300,029 77
Acceptances under Letters of Credit.....	1,501,442 90
	1,458,398 64
	\$ 220,932,234 22
Dividends unpaid.....	2,713 55
Dividend No. 115 and bonus, payable 1st December	525,000 00
Capital Paid up.....	\$ 15,000,000 00
Rest Account.....	13,500,000 00
Balance of Profits as per Profit and Loss Account.....	461,892 25
	28,961,892 25
	<u>\$ 250,421,840 02</u>

ASSETS

Current Coin.....	\$ 18,363,031 97
Dominion notes.....	21,538,961 50
	\$ 39,901,993 47
Notes of other Banks.....	\$ 1,676,137 00
Cheques on other Banks.....	7,854,036 29
Balances due by other Banks in Canada.....	58 19
Balances due by Banks and Banking Correspondents elsewhere than in Canada..	6,319,807 98
	15,850,039 46
Dominion and Provincial Government Securities, not exceeding market value.....	1,923,576 27
British, Foreign and Colonial Public Securities and Canadian Municipal Securities.....	1,719,258 60
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....	9,613,178 80
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks.....	12,847,521 37
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada.....	18,534,329 37
Deposit with the Minister of Finance for the purposes of the Circulation Fund.....	783,460 60
Carried forward.....	\$ 101,173,357 94

GENERAL STATEMENT

30TH NOVEMBER, 1915

ASSETS—Continued

Brought forward.....	\$ 101,173,357 94
Other Current Loans and Discounts in Canada (less rebate of interest).....	130,893,064 62
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....	10,027,802 39
Liabilities of Customers under Letters of Credit, as per contra.....	1,458,398 64
Overdue Debts (estimated loss provided for).....	508,515 56
Real Estate other than Bank Premises (including the unsold balance of former premises of the Eastern Townships Bank)....	\$ 1,264,083 21
Less mortgage assumed.....	100,000 00
	1,164,083 21
Mortgages on Real Estate sold by the Bank.....	389,534 21
Bank Premises at cost, less amounts written off.....	5,039,623 55
Less mortgage assumed on property purchased.....	300,000 00
	4,739,623 55
Other Assets not included in the foregoing.....	67,459 90
	<u>\$ 250,421,840 02</u>

B. E. WALKER,
President.

JOHN AIRD,
General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE

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In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A. of Webb, Read, Hegan, Callingham & Co.	} AUDITORS
JAMES MARWICK, C.A. of Marwick, Mitchell, Peat & Co.	

BANKERS AND CHIEF CORRESPONDENTS

LONDON BANKERS—

Bank of England; Bank of Scotland; Lloyds Bank Limited; Union of London and Smiths Banks, Ltd.; London and South Western Bank, Ltd.

ENGLAND—

Barclay & Co., Ltd.; Lloyds Bank Limited; Manchester and Liverpool District Banking Co., Ltd.

SCOTLAND—

Bank of Scotland; North of Scotland and Town and County Bank, Ltd.; Union Bank of Scotland, Ltd.

IRELAND—

Northern Banking Co., Ltd.; Provincial Bank of Ireland, Ltd.; Belfast Banking Co., Ltd.

UNITED STATES—

NEW YORK—American Exchange National Bank; Chase National Bank.

ALBANY—New York State National Bank.

BALTIMORE—Citizens National Bank.

BOSTON—National Shawmut Bank; Second National Bank; First National Bank.

BUFFALO—Citizens Bank of Buffalo; Manufacturers and Traders National Bank.

CHICAGO—First National Bank; National City Bank; Northern Trust Company.

CLEVELAND—First National Bank.

DENVER—Denver National Bank; Colorado National Bank.

DETROIT—First and Old Detroit National Bank.

LOS ANGELES—Farmers and Merchants National Bank; Citizens National Bank.

MILWAUKEE—Wisconsin National Bank.

MINNEAPOLIS—Northwestern National Bank; First and Security National Bank.

NEW ORLEANS—Commercial National Bank.

PHILADELPHIA—Girard National Bank; Franklin National Bank.

PITTSBURG—Mellon National Bank.

ST. LOUIS—Mechanics-American National Bank.

ST. PAUL—Merchants National Bank.

SALT LAKE CITY—Deseret National Bank.

SPOKANE—Spokane & Eastern Trust Company.

TACOMA—Bank of California National Association; National Bank of Tacoma.

DENMARK—

Den Danske Landmandsbank, Copenhagen.

FRANCE—

Credit Lyonnais; Société Générale; Lazard Frères & Cie, Paris; Cox & Company (France), Ltd., Paris.

HOLLAND—

Disconto Maatschappij, Rotterdam; Twentsche Bankvereniging, Amsterdam.

ITALY—

Banca Commerciale Italiana, Naples.

NORWAY—

Centralbanken for Norge, Christiania.

SWEDEN—

Skandinaviska Kreditaktiebolaget, Stockholm.

SWITZERLAND—

Banque Fédérale, Zurich; Société de Crédit Suisse, Zurich; Swiss Bankverein Zurich.

INDIA, CHINA, JAPAN AND THE PHILIPPINE ISLANDS—

Chartered Bank of India, Australia and China; Hongkong and Shanghai Banking Corporation.

SOUTH AFRICA—

Standard Bank of South Africa, Ltd.; National Bank of South Africa, Ltd.

AUSTRALIA AND NEW ZEALAND—

Union Bank of Australia, Ltd.; Bank of Australasia; National Bank of Australasia, Ltd.; English, Scottish and Australian Bank, Ltd.; Bank of New Zealand; National Bank of New Zealand, Ltd.

HAWAIIAN ISLANDS—

First National Bank of Hawaii, Honolulu; Bishop & Co., Honolulu.

SOUTH AMERICA—

British Bank of South America, Ltd.; London & Brazilian Bank, Ltd.; Anglo-South American Bank, Ltd.

WEST INDIES—

Colonial Bank and Branches; Banco Nacional de Cuba, Havana, Cuba.

BERMUDA—

Bank of Bermuda, Ltd., Hamilton.

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 11TH JANUARY, 1916

The forty-ninth Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking house at Toronto, on Tuesday, 11th January, 1916, at 12 o'clock.

Among those present were:—

William Davies, Ed. Cronyn, Wm. Gray, F. W. Field, Rev. Dr. Strachan, Jas. Hedley, Z. A. Lash, K.C., LL.D., Dr. R. A. Falconer, C.M.G., R. T. B. Bonnezen, E. Hay, J. Short McMaster, Rev. C. J. James, M.A., W. D. Ross, George P. Scholfield, F. D. L. Smith, Sir John Willison, G. A. Morrow, E. R. Wood, W. B. Meikle, C. N. Candee, A. E. Ames, Principal H. W. Auden, M.A., Frank Darling, J. C. Breckenridge, H. C. Cox, Wm. Craig, D. B. Hanna, Strachan Johnston, W. H. Lockhart Gordon, S. Samuel, Sir John M. Gibson, K.C.M.G., K.C., LL.D., A. F. Park, F. W. Harcourt, K.C., H. S. Harwood, Aemilius Jarvis, W. S. Hodgins, W. R. Houston, T. C. Irving, A. Mossman, R. A. Laidlaw, Miller Lash, K.C., Major W. N. Keefer, W. H. Leishman, J. S. McLean, F. A. Mouré, Glyn Osler, J. K. MacDonald, Col. J. F. Michie, Albert Nordheimer, A. J. Mitchell, H. M. Mowat, K.C., Dr. J. H. Carrique, J. E. Murphy, W. E. Rundle, T. A. Russell, J. M. Sparrow, T. E. Robertson, E. M. Saunders, J. G. Scott, John Sime, H. D. Scully, Angus Sinclair, A. W. Smith, J. O. Thorne,

E. G. Staunton, G. R. Warwick, J. L. Watt, A. E. Ferrie, J. Western, Rev. J. B. Saer, H. J. Crowe, W. T. C. Boyd, W. J. Evans, C. E. Fleming, K.C., Col. A. D. Davidson, Dr. Grant, M. Sparkhall, F. A. Rolph, T. W. Patterson, Graham Campbell, R. C. Jennings, J. A. Morton, E. Roach, C. B. Powell, J. E. Bailey, Walter J. Barr, A. J. Helliwell, C. A. Bogert, R. Inglis, Thos. West, W. A. Murray, Hon. Sir Lyman Melvin Jones, J. A. Murray Clark, A. W. Anglin, K.C., Dr. Grasett, Dr. Capon, R. Stuart, Chicago; Capt. R. H. Neilson, Orangeville; Lloyd Harris, Brantford; C. M. Gipton, St. Catharines; S. H. Bray, Crossfield; F. D. Spaulding, Burlington, Vt.; A. Kelly, Winnipeg; C. W. Hallamore, St. John, N.B.; M. H. Macleod, Winnipeg; Jas. Whicher, Caledonia; D. B. Dewar, Hamilton; W. H. Dunsford, Peterboro; R. P. Butchart, Victoria; Hon. W. C. Edwards, Ottawa; C. E. A. Dowler, Galt; E. L. Staples, Wycliffe, B.C.; W. G. Styles, Regina; F. C. McMath, Walkerville, Ont.; M. D. Hamilton, Ottawa; R. T. Mussen, Stratford; W. J. Waugh, Hamilton; P. C. Stevenson, Kingston; W. C. J. King, Simcoe; N. H. Beemer, M.D., Mimico; Wm. Pearson, Winnipeg; H. B. Walker, Montreal; Professor Chas. Colby, M.A., Ph.D., Montreal; J. Simon, Chatham; G. W. B. Heathcote, San Francisco; A. Kingman, Montreal; Robert Harmer, Hamilton; F. P. Jones, Montreal; H. J. Fuller, New York; D. H. Downie, Paris; O. E. Fleming, K.C., Windsor, Ont.; J. L. Buchan, Sarnia; T. M. Turnbull, Edmonton; D. Macgillivray, Halifax; J. P. Bell, New York; G. F. Galt, Winnipeg; F. B. Francis, Winnipeg; C. Gordon, Winnipeg; G. W. Allan, K.C., Winnipeg; H. M. Stewart, Moosejaw.

The President, Sir Edmund Walker, having taken the chair, Mr. A. St. L. Trige was appointed to act as Secretary, and Messrs. Edward Cronyn and J. E. L. Pangman were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:

REPORT

The Directors beg to present to the Shareholders the forty-ninth Annual Report, for the year ending 30th November, 1915, together with the usual statement of Assets and Liabilities:

The balance at credit of Profit and Loss Account brought forward from last year was.....	\$1,117,763 27
The net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to	2,352,035 95
	\$3,469,799 22

This has been appropriated as follows:

Dividends Nos. 112, 113, 114 and 115, at ten per cent. per annum.....	\$1,500,000 00
Bonus of one per cent. payable 1st June..	150,000 00
Bonus of one per cent. payable 1st December.....	150,000 00
Reserved against further depreciation in value of securities held by the Bank..	1,000,000 00
War tax on bank-note circulation to 30th November.....	122,906 97
Transferred to Pension Fund (annual contribution).....	80,000 00
Subscription to British Red Cross Society.....	5,000 00
Balance carried forward.....	461,892 25
	\$ 3,469,799 22

In accordance with our customary practice, the assets of the Bank have been carefully re-valued and full provision made for all bad and doubtful debts.

During the year the Bank opened the following new branches in Ontario: Emo, Ford and Wychwood (Toronto). A sub-agency of the Windsor, N.S., branch was opened at Hantsport, N.S. The following branches have been closed: In British Columbia: Alma Road (Vancouver), Pandora and Cook (Victoria); in Alberta: Grouard and Mirror; in Saskatchewan: Readlyn; in Ontario: Port McNicoll; in Quebec: Nicolet. The branches at Monarch, Alta., and Laird, Sask., have been closed since the end of the year.

Your Directors deeply regret to record the loss by death during the year of one of their colleagues, the late General Manager, Mr. Alexander Laird. Although a member of the Board only since 1911, Mr. Laird had served the Bank in many capacities for nearly forty years, becoming General Manager in 1907 and retiring only a few months ago. He had an international reputation as a banker and expert in foreign exchange, and his death is an irreparable loss to the Bank and to the whole community.

During the year the audit required by Section 56 of the Bank Act has been made by the Auditors appointed at the last annual meeting, in addition to the usual inspection of the branches and agencies of the Bank in Canada, the United States, Great Britain and Newfoundland and of the departments of the Head Office by the staff of our own Inspection Department.

Your Directors again desire to express their appreciation of the efficiency and zeal displayed by the officers of the Bank in the performance of their respective duties.

JOHN AIRD,
General Manager.

B. E. WALKER,
President.

TORONTO, 31st December, 1915.

Before moving the adoption of the report the President asked the General Manager to address the shareholders:

GENERAL MANAGER'S ADDRESS

The statement presented to you to-day is a striking illustration of our policy during the year. The net profits amounted to \$2,352,035, or 8.25 per cent., upon the moneys which belong to the shareholders of the Bank, that is, upon the total of the paid-up Capital and Rest. This is a decrease of \$316,197 from the figures of the preceding financial year, but under the conditions which have prevailed since we last met, we trust that you will consider the result satisfactory, especially as we have been able to continue the payment of the usual dividend of 10 per cent. per annum and of two semi-annual bonuses of 1 per cent. each, a total of 12 per cent. We have, as usual, appropriated \$80,000 for the Officers' Pension Fund, and after paying the war tax of 1 per cent. upon our note circulation, amounting to \$122,906, subscribing \$5,000 to the British Red Cross Fund and reserving as a special appropriation the sum of \$1,000,000 against possible further depreciation in the values of the stocks, bonds and similar securities owned by the Bank, we have been able to carry forward \$461,892 at the credit of Profit and Loss Account.

It is the time-honoured custom and wise precaution of every general manager of a Canadian bank upon first assuming the responsibilities of his position to assure himself that each individual asset of his bank represents the value assigned to it in its books and published statements. Upon undertaking this important duty, I found that the conditions brought into being by the war, and particularly the restrictions placed upon the leading security markets of the world, had made the task one of

unusual difficulty. The hazards of war have not only seriously lowered the prices of all securities, but they have introduced an element of doubt into existing values which it is difficult to allow for in dollars and cents. As a matter of additional precaution, therefore, we have taken the step of reserving out of Profit and Loss Account, as a special provision against these contingencies, the sum of \$1,000,000. After the war has been successfully prosecuted to a close, it is probable that some, if not all, of this amount will come back sooner or later into profits.

Our Bank Premises Account as well as the accounts of Real Estate owned and Mortgages held, remain practically stationary, the generally unsettled condition of affairs not having warranted our undertaking any expenditure on new premises which did not appear to be absolutely necessary. The small increase of \$52,631 shown in Premises Account represents purchases of promising locations for new branches and of permanent sites for long established branches, such as Belleville and Park-hill, and for others, the business of which will eventually warrant the erection of a permanent building. We dealt with this matter fully in our report of last year, and for the reason therein set out we feel that no further appropriation is necessary, the figures shown in our balance sheet being well below the limit of 50 per cent. of the actual value, as has been our policy with respect to this particular asset.

The note circulation stands in the balance sheet at \$16,397,907, an increase of \$1,455,350 as compared with the figures of a year ago and only a few thousand dollars short of the record figures of 1912. This is due to the demands made upon us for moving the large grain crops of the country. The issue of notes in excess of the paid-up capital of the Bank under the emergency provision of the Bank Act began on October 16th, and the movement reached its height for the time being on November 20th, at which date the circulation stood at \$17,084,598. The

lowest level recorded during the year was reached in the month of April. The deposits of the Bank show a satisfactory increase distributed under every heading, the total increase being slightly over \$13,000,000. Bills Payable again show a considerable decrease, the figures being \$1,501,442 as against \$3,924,151 a year ago, or a decrease of \$2,422,708, due largely to the effect of the war upon our foreign exchange business and to the unsatisfactory conditions which have prevailed in the exchange markets during the year. In view of the general situation we have thought it prudent to keep strong in cash reserves, particularly in gold, the medium for the settlement of international obligations, and that it might be the more readily available for such purposes we have carried an unusually large proportion of our holdings at points outside of Canada. Our total holdings of coin and legals are \$39,901,993. If to this amount we add the balances due us by other banks and correspondents, our holdings of government and municipal bonds and stocks, and call and short loans, our liquid assets amount to \$101,173,357, or 47.62 per cent. of our liabilities to the public.

Total Current Loans show an increase of \$2,037,254, more than accounted for by an increase of \$3,704,464 in Call and Short Loans due to the policy of keeping our assets in the most liquid shape possible during the unstable conditions which are the outcome of the war. The fact that our loans show an increase despite the shrinkage which has taken place in general business, bears witness to our earnest efforts to assist the business community to the utmost of our ability consistent with prudence, and should be sufficient answer to those persons who assert in the press and on the public platform that the banks have failed to provide the necessary financial assistance for the commerce of the country. There are some who go further, and by quoting the figures

of Canadian bank deposits without setting alongside these figures those of the loans, mislead the public and cause them to look upon the banks as enemies to the public welfare. To all such, I say, the figures of our balance sheet are sufficient answer. There has been a reduction of \$7,935,233, or over 37 per cent., in the total of securities held, occurring principally in those classed as railway and other bonds, debentures and stocks. In view of the extent to which we have been, and are still likely to be, called upon to assist in the various measures taken to finance the war, it seemed wise to take every reasonable opportunity of realizing upon our holdings of securities. Total assets show an increase of \$5,057,441, which may be considered very satisfactory growth under the conditions which have prevailed.

Our records show that on the average we handle every dollar of our assets over 60 times a year, so that the figures at which they stand indicate a turnover of 15 billions of dollars during the year. In return for the immense labour and heavy responsibility involved in handling this huge sum, we have earned slightly more than one-and-a-half cents on every hundred dollars.

Before passing on to deal with other matters, I should like to refer briefly to our policy in the matter of dividends. At the annual meeting in 1914 the hope was expressed that we should be able to maintain payments upon the basis which has been adopted during the last two years. At this time there was, of course, no European war in prospect, and while it will be our earnest effort to maintain the earning power of the Bank upon a level which will render possible a continuation of the present rate of distribution, it is well to remember that the end of the war is not yet in sight, and that no one can predict what changes it may bring when it does come. Our policy, therefore, during present conditions will be

based upon weightier considerations than the mere earning of dividends, and in this I am sure that we shall have your hearty support.

Our shareholders number 194 more than a year ago, a moderate increase, but one which reflects a movement in the direction of distributing the stock over a wider area, which is in the interests of both the Bank and its stock-owners.

As stated last year, the business of our City of Mexico branch has been ably managed, and on the whole it has been profitable. We have made no losses, and our loans have either been liquidated or fully provided for. The capital necessary for our operations has been supplied entirely by our local deposits. Full provision has also been made for depreciation in the value of such Mexican securities as remain on our books. Our standing in Mexico is particularly high, and the foundations have been laid for a large and prosperous business when that country returns to settled conditions. In the meantime we are holding the ground with a considerably reduced, although sufficient staff.

In the opening of new branches there has been little done during the year, due principally to the inactivity of general business, especially during the earlier months. We have continued the policy of closing branches which did not prove profitable after a fair trial, with the net result that our branches now number 374 in all.

As indicated in our remarks on the figures of the balance sheet, we have joined with the other banks in subscribing for our proportion of the \$25,000,000 of the Canadian 5 per cent. War Loan, taken by the banks in order to ensure the success of the issue. The exact amount of our subscription was \$3,426,000, and in this connection I am sure that the success of our able Finance Minister, Sir Thomas White, in obtaining through this domestic loan the sum of \$100,000,000, or

twice the sum asked for, must be a source of pride to every Canadian. The loan marks a notable turning-point in the economic history of Canada.

In addition, this Bank has participated in the various British war loans and other measures adopted to finance the war, and has subscribed \$250,000 to the French 5 per cent. War Loan just floated. We also placed at the disposal of our Italian Allies the facilities of this Bank and its branches for the purpose of accepting any subscriptions which Italian residents in Canada might desire to make to the 5 per cent. War Loan of their native country. Nor do these various contributions constitute the whole of our share of the financial burden of the war. Of the special taxation imposed by the Dominion Government as a result of the war, our share has so far amounted to over \$160,000, apart altogether from additional real estate and other taxes imposed for the same purpose, the amount of which is not readily arrived at.

There is an impression abroad which appears to exist even among many who should be better informed, that the banks do not bear their just share of taxation. During the year we paid in taxes, Dominion, Provincial and Municipal, over 27 per cent. of our net profits, or, to make the statement in more concrete form, inclusive of the special war taxes, we paid no less than six hundred and fifty thousand dollars in taxes. These figures surely show that this Bank bears at least its fair share of taxation; probably there are not many other businesses in which the proportion of taxes to net income is so high.

The members of the staff number 2,828, made up as follows:—

Officers.....	2,187
Stenographers.....	407
Messengers.....	234
	2,828

in addition to which we have 369 janitors, making a total of 3,197 persons permanently employed by the Bank. The number of officers who had taken up military duty at November 30th was 748, representing 27 per cent. of our staff, 30 per cent. of our male staff, and over 34 per cent. of those of military age, that is, from 18 to 45 years of age. We have seen the actual figures in connection with only a few of the other banks and corporations, but we have yet to learn of anything which approaches the sacrifice which we have been called upon to make either in extent or in the proportion of the figures. We have made many sacrifices in order to allow officers to take up military duty without delay, and have placed no restrictions in the way of their doing so, although this policy has resulted in our losing the services of those officers whose special training made it difficult for us to replace them. In this connection it is interesting to note that representations have been made by the Clearing House banks in London, England, to the effect that certain classes of trained officers should not be called upon for military service, being regarded as indispensable for the carrying on of the work in the banks.

Twenty-five of our officers have already laid down their lives on the battlefield and a further 50 to 60 have appeared in the casualty lists. When the war is over it is our intention to erect a suitable tablet or some other form of permanent memorial to these brave and loyal young men. We have already communicated with the families of those who have laid down their lives, and it only remains to express in a general way our regret at their loss and our appreciation of the fact that the members of the staff of this Bank are made of such stuff that they can be counted upon to do their duty no matter in what form that duty may be presented to them. In this, of course, we include those other members of the staff whose lives and health have fortunately been spared but who have nevertheless put themselves to the

test. We should like, too, to pay tribute to those officers of the Bank whose every instinct calls on them to enlist, but who through the calls of family or business duty honestly feel that their place is still at home. Theirs is in many ways the harder part, and their reward can only be in their own consciousness that "They also serve who only stand and wait."

We have recently taken the forward step of issuing a Monthly Commercial Letter dealing with conditions of trade and commerce at home and abroad, and pointing out when possible the bearing of current events on the business outlook. The first number was issued last month, and as it is prepared by competent authorities we commend it to the careful perusal of those into whose hands it may come. We shall be glad to send it on application to any one whose name is not now on our mailing list.

We also desire to draw attention to the very copious and authentic portrayal of the conditions which have prevailed in the various parts of Canada, Great Britain and in the foreign countries where this Bank does business, which is given in the Review of Business Conditions for 1915, of which copies have been distributed to you. The various parts of this Review will be found worthy of careful study.

With regard to the future, our view on the whole cannot but be optimistic. Thanks to the ability of our public men to cope with an unprecedented situation, and the determination of our people to effect personal and public economies, we have been able to bring about a most amazing adjustment from the prosperous enjoyment of an abounding flow of borrowed capital to a condition of severe trade contraction. Our harvests have been bountiful, our cultivated acreage has been increased and our factories have been entrusted with large contracts for army equipment, munitions and foodstuffs. While this terrible war must bring us much anguish and sorrow, it is clear that in

proportion to her population no country will benefit economically to a greater degree than Canada.

I cannot close these remarks without referring to my predecessor, Mr. Laird. Since his untimely death we have received numberless testimonies, not only to the high esteem in which his business talents were held, but also to that strong note of personal affection which his human qualities evoked in all those who knew him. Fully charged though his mind was with other matters appertaining to the interests of the Bank, the subject of the staff was always uppermost in his thoughts and he was ever the first to evidence gratification in their success, sympathy in their misfortunes and leniency towards their shortcomings. In him the Bank has lost a staunch and fearless leader and the staff, particularly, a great and good friend.

The President then said:

PRESIDENT'S ADDRESS

The Directors have referred in their report to the death of our late General Manager, and Mr. Aird has just spoken of him with the warmest appreciation. I knew him longer than most of his associates—indeed we worked together over thirty-five years ago—and I have lost not merely a business friend but one for whom I cherished the deepest affection.

We have been told many times during the past year that we are passing through the most fateful moment in the history of the world and that we shall emerge with a greater assurance of liberty and of all that accompanies a progress based upon our natural rights, or that we shall fail—a condition too black for contemplation. Within this vast march of history, affecting every civilization on the globe, lies the narrower march of our own affairs in Canada. We think so much about the war that

Canada as an entity is generally forgotten in the larger scope of Imperial affairs, but it is our special business to-day to review the position of Canada, and to withdraw our attention from the war sufficiently to study the course of our own history, as only by understanding this shall we be able to act with courage and wisdom in the present emergency.

When in 1913 we came to the end of a period of expansion we found ourselves like a healthy but overgrown youth, still dependent upon the mother. We had to sell over 400 millions of securities in order to settle our foreign debit balance for the Dominion fiscal year ending March 31st, 1913. During the year ending March, 1914, the difference between our exports and imports decreased by 130 millions, but still left over 300 millions to be provided by the sale of securities in a market very much more difficult than that of the year before. More than one-half of the year ending March, 1915, was affected by the war, and the situation was still further improved to the extent of over 144 millions. For the six months ending September, 1915, there is a further improvement of 80 millions as compared with the previous year, but this same half year, when compared with the corresponding period in 1914, shows an improvement of 109 millions. For reasons explained a year ago, coin and bullion are left out of our totals.

The following figures will illustrate the astonishing change in our international position:—

	Imports	Exports	Excess Imports	Excess Exports
1913....	\$686,515,536	\$377,068,355	\$309,447,181	.....
1914....	635,383,222	455,437,224	179,945,998	.....
1915....	497,376,961	461,442,509	35,934,452	.....
6 months	228,335,678	273,377,082	.....	\$45,041,404

In order to estimate our true position, we must add to the excess of imports the interest due upon Canadian securities held abroad, now estimated at about 140 to 150

millions, and we may count upon any excess of exports as available to pay this interest. During the last half of the present Dominion fiscal year the effect of the export of our great crops, of our manufactured munitions, prepared foodstuffs, cattle, horses, etc., will be felt, and the excess of exports by 31st March, 1916, should be about equal to our interest charges payable abroad.

In 1913 we knew that we had used our credit to the available limit, but we hoped gradually to move into safer conditions. If any one had suggested that we could so adjust matters within three years as to have a credit balance in our foreign trade, instead of a debit, and that this credit balance would be large enough to offset our interest payable abroad, our answer would have been that it was folly to indulge such hopes.

The improvement of 144 millions between March, 1914, and March, 1915, was brought about by decreasing our imports by 138 millions and increasing our exports by only 6 millions. This was due to a tremendous contraction in the business of all trades requiring such imports on the one hand, and on the other to a serious decline in exports of the products of agriculture and of the mine, which was a little more than offset by the increase in animal foodstuffs and manufactured munitions. The decrease in imports shows in an almost unbroken line of articles, the exceptions being mainly in such materials as jute cloth, wool, hides, leather, dyes, rubber needed in the manufacture of munitions, and about \$3,000,000 in value of articles for the use of the army and navy.

The improvement of 109 millions in the first six months of the present fiscal year, that is, down to September last, is caused by a decrease in imports of 52 millions and an increase in exports of 57 millions. The exports show handsome increases, especially in manufactured munitions of war, but they still suffer from the effects of the poor crops of 1914 and there is an actual decline of 12 millions

in agricultural products. The decrease in imports is again general, but an increased quantity of binder twine was imported on account of the unusually large crops of the season, and there were large increases in raw material needed for the manufacture of munitions and in manufactured articles intended for the use of the army and navy, the latter amounting in value to 10 million dollars during the half-year.

I have gone thus fully into these matters in order to indicate what we may expect now that we have the largest crop on record for export, and have, perhaps, reached a normal output of all kinds of munitions, such as food-stuffs, clothing, saddlery, shells, rifles, etc., while our imports consist mainly of the necessary raw materials.

This demonstration of what we can accomplish under pressure has, of course, greatly strengthened the credit of Canada, so that, while, for obvious reasons, we cannot at the moment sell securities in Great Britain or in Europe, we are building up a market for them in the United States which, when we consider the enormous increase in wealth taking place in that country at the moment, we may well hope is not of a temporary character. During the past year, leaving out the last half of December, the sales of Canadian securities at home and abroad amounted to about 335 millions. This includes nearly 220 millions of Government securities and many sales of other securities which are practically refunding operations. The sales were divided as follows:—

In Great Britain, mostly for refunding purposes.	\$ 43,800,000
In United States.....	144,800,000
In Canada.....	147,100,000
	\$335,700,000

The Canadian figures are increased by the Dominion loan of 100 millions, very little of which has yet been paid to the Government.

The sales of municipal bonds, at one time during the year the matter of chief concern to those interested in Canadian securities, amounted to about 64 millions divided almost equally between the United States and Canada.

The power of the United States to lend, when we remember that the gold pool of 100 millions established to protect her own credit with foreign countries was dissolved only in January last, is one of the surprises of the war, but we must also remember that this power to lend will be sharply tested as the war proceeds. A rough estimate of the amount of securities sold and credits established shows that the sum of at least 800 million dollars has already been placed directly at the credit of the Allies, while the indirect credits and the contracts outstanding are beyond our calculation. Large loans have also been made to neutral countries, and something has been lent even to Germany.

In Canada the building of almost all private or public works, causing a lock-up of capital, has stopped for the moment; individuals are buying less extravagantly, even if there is not sufficient effort to economize; everybody who has not enlisted can find work to do; and for a very large part of our national production, from the farm to the machine-shop, there is a persistent demand by the Allies. All this tends to produce a condition of prosperity, with ease in the money market, and if, like the United States, we were a neutral country instead of one engaged in the war, our national wealth would be increasing at a pace undreamed of in our past history.

We are proud, however, that we are not among the neutrals, but among those who are fighting for the liberty of the world, and for this, in addition to the loss of life which our honour roll represents, we ourselves must bear now and must ask our children to bear, a great cost in money. A year ago we were greatly pleased because Great

Britain had undertaken to lend us for the moment the money with which to pay for our share of the war. By midsummer the Dominion Government also needed money for other expenditures, because ordinary revenues had been disorganized by the war and many public works could not with wisdom be closed down. Accordingly a loan of 45 millions was obtained in New York last July, and this was a happy accomplishment for the following reasons: London was ill-prepared to bear any load not absolutely necessary, and Australia needed help which could not be obtained elsewhere; New York was the only market well supplied with money, and it is in any event the point where our international settlements are mostly made; this was our first Government loan in the United States and the new market was desirable. Apart from these reasons, the value in New York, and therefore in Canada, of the pound sterling in London had by this time fallen so low that we could not afford to use the help for war expenses placed at our disposal by Great Britain. We have, of course, no actual knowledge of the facts, but it is probable that from about this time the Dominion Government ceased to use the funds put at their disposal by the British Treasury for war expenses, and very soon the possibility of floating a war loan in Canada was under discussion. A Dominion loan offered in Canada is as great a departure from the past as one offered in New York; and although we are still in the midst of moving the greatest crops in our history, in volume and in value, and are doing it with our usual machinery more or less paralysed, because of the state of the foreign exchanges and the scarcity of tonnage, yet, when a domestic loan of 50 millions was offered in November the subscriptions exceeded 100 millions.

Concurrently with the discussion of this loan, we were sharply made aware that if we make munitions for the Allies we must to some extent give credit for such munitions

in the same manner as has been done in the United States. We cannot take securities in payment for as large a percentage of the cost as the United States is able to do, because we are ourselves bearing the cost of war and because we have so little accumulated wealth upon which to draw, but to some extent as yet unascertained we shall doubtless have to take Treasury or other Government securities in order to facilitate such purchases. Therefore, in view of the great success of our domestic war loan, the Minister of Finance, with the unanimous concurrence of the country, accepted subscriptions for 100 millions, instead of 50 millions, with the intention of using temporarily the additional sum thus secured to finance the payments for munitions on behalf of the Allies.

A year ago everybody in Canada was urged to put into his particular effort in life an energy and seriousness of purpose adequate to the needs of the great war. If we cannot fight we should help in the countless other ways that are open to us. Nature smiled on our efforts, and we have been blessed with the greatest crops ever known in any new country. This has silenced the pessimists, and our great West is more sure of its future than ever. Indeed, for loftier reasons all Canada feels much more sure of its future than it has ever done before. That overgrown youth, leaning upon his mother, has suddenly found himself, and to the call to play the man has responded so well that his place among the younger nations and his influence in the greatest empire in the world are assured. The war, however, is still at its height, and there is little sign of such an end as we must attain if we are to follow our natural course in peace. We cannot afford to relax our energies for a moment; such efforts as we made in 1915 should be increased in 1916, and the need for personal and public economy is not lessened a particle by the prosperity incidental to the war. I notice that when some citizen takes the trouble to indicate particular forms of economy

he is met with criticism. Of course, economy for one man would be a great indulgence for another, and each must settle for himself the scale on which he can lessen his expenditure. We are exceedingly fortunate that such an income tax as that in Great Britain does not settle the question most drastically for each of us. It must be clear that every time we buy something outside of Canada we weaken our national finances, unless our purchases consist of material which will in some form or other be exported again. This does not mean that we can avoid making large purchases abroad, but that we can avoid unnecessary purchases. It must also be clear that when any man avoids expenditure which it would be quite natural to make in times of peace, he can invest the amount saved in war loans, and every dollar saved and thus invested is a blow struck on behalf of the Allies. So well is this need for personal economy understood in England that some of the great banks who have not heretofore had savings departments like those in Canadian banks have now established them.

A year ago we described at length the various arrangements made by the Minister of Finance at the beginning of the war for the protection of our financial situation, and we referred to some of the moratorium legislation by provincial governments. The mere power to do certain things, if necessary, has, as usual, prevented the necessity from arising, and only a very moderate use has been made of the Finance Minister's wise provisions. As to moratorium legislation in the provinces, to the extent to which it has been a hardship to the creditor, the need has already passed, and while the provisions affecting the power to foreclose where there is no default except as to principal will doubtless be retained, many of the other features will, we hope, soon be repealed.

The Clearing House returns show a further decline from \$8,074,978,000 in 1914 to \$7,797,430,000, a decrease

of 3.44 per cent. for the year just closed. In all western cities the decline is very marked, except in Winnipeg and Brandon, where the figures show an increase. In the East there is a moderate decrease in Toronto, Montreal is almost unchanged, and at four other points there are increases.

The contraction in ordinary business, which began in 1913 and was greatly increased by the war, is most forcibly illustrated by the figures of the building permits in our four principal cities. For the last four years they are as follows:—

	1912	1913	1914	1915
Montreal.....	\$19,642,000	\$27,032,000	\$17,619,000	\$7,495,000
Toronto.....	27,401,000	27,038,000	20,672,000	6,651,000
Vancouver...	19,388,000	10,423,000	4,484,000	1,593,000
Winnipeg....	20,475,000	18,621,000	12,160,000	1,826,000

A drop from \$87,000,000 to \$17,500,000 in three years is so great as to affect severely almost every branch of trade, particularly those directly connected with building, but it is a matter for congratulation that we have been able to withstand this sharp re-adjustment and still maintain our prosperity, the very thing we feared we might not be able to do with credit to ourselves.

Few things, except the actual fighting at the front, recruiting and the financing of the war, have interested us more than the supplying of munitions, and especially Canada's share in that vitally important work. In a general way we know that we have done more than was expected, and have done it better and more quickly, but just how much we have done is not known to the general public. I am glad to be able to give a few facts which will at least help us to a better understanding of the matter. The Imperial Munitions Board have given orders in Canada for 22,800,000 shells, having a value of \$282,000,000. If we add to this the orders for cartridge cases, primers, forgings, friction tubes, etc., a total of \$303,000,000 is reached. For this work there had been

paid out by the end of the year about \$80,000,000, and the monthly output is now valued at more than \$30,000,000. There are 422 plants working directly on these orders, and how much employment is indirectly due to them is beyond our skill even to suggest. The work of the War Purchasing Commission is not so easy to sum up. This body does not deal with shells, but it deals with almost every other requirement of the army and purchases about five thousand different kinds of articles. As the appropriation for the year just past amounted to \$100,000,000, we can form some idea of the importance of its operations, although there are no figures available to show how this has been spent. The pay of officers and men, the cost of all engineering operations and other large items coming under the direction of the Department of Militia and Defence, are met out of this appropriation. It is estimated that about one million pairs of boots have been purchased at a cost of more than \$3,500,000. Our woollen and knitting industries have received large orders, larger even than they could conveniently execute within the specified time. Up to the present all the cloth used for our soldiers' uniforms has been made in Canadian mills, but it is not clear that our mills can continue to fill all our requirements. From figures gathered from various sources we estimate that the value of the clothing ordered for the use of the Canadian troops since the creation of the Commission in May has been from \$10,000,000 to \$12,000,000, while orders from Great Britain and the cost of clothing the earlier contingents should make the total at least \$20,000,000. The British orders in Toronto at the moment amount to nearly \$1,000,000. The demand for articles made of leather has been very extensive, and while most of the leather used is tanned in Canada, our trade reports record the importation of considerable quantities of hides and leather. No figures have come under our notice for

purchases of saddlery by the Canadian Government, but the British, French and Russian Governments have spent in Canada for saddlery about ten or eleven millions. Socks have been ordered by the million pair at a time, and our mills are far behind in their deliveries. I cannot more than refer to such items as rifles and small ammunition, telephone equipment, tools, rubber articles, camp, barrack and hospital equipment, etc., but perhaps what I have said will help us to understand that the purchases for the Canadian army at the moment are almost as great as those required for the army equipment of Great Britain in times of peace. We have during the year sold in Great Britain canned corned beef to the value of about \$3,300,000, frozen beef about \$6,000,000 and bacon about \$9,000,000. The bacon would have been sold in the British market in any event, but the canned and frozen beef represents new trade. We cannot ascertain the number of horses or of live cattle sold (the latter mainly to France) for army purposes, nor can we estimate the value of the shipments of wheat, flour, oats, hay, etc., attributable to the war, or of the orders for munitions from France and Russia which have been placed in Canada, but if outstanding contracts are filled and the war continues throughout 1916 it seems clear that during 1915 and 1916 there will have been spent in Canada for war supplies considerably more than \$500,000,000. You may be interested to know something regarding the Bank's part in this work. We have as customers 22 of the largest shell makers, 20 makers of clothing and of leather goods, 8 of the largest suppliers of provisions, besides many who supply other classes of munitions. Including the farmers, the number and variety of people among our customers who benefit by the supplying of munitions is beyond calculation. We have learned in meeting the sudden demand upon our industrial capacity to do many things which should count in our future. We have learned to shift our

machinery rapidly to new uses, to make objects of a more complicated character which allow less margin for bad workmanship, to smelt copper, lead and zinc; indeed, to do many things which before the war did not seem possible in the present stage of our development.

In a new country like Canada it is as natural to try and forecast the future as it is to breathe. Without such a form of enjoyment life would often be unbearable. Every day, however, since the war began has shown us how unable we are, with our previous narrow experience, to look ahead even for a month. We are living amid events so tremendous that it is our duty to be steadfast and ready for any new turn in the kaleidoscope of fate and not to waste time in guesses regarding peace and the aftermath of the war; still, there are some important questions which press upon our minds whenever the strain of the war lessens for a moment. When the war ends and orders for munitions cease, throwing many out of employment, when the Canadian soldiers begin to come home, and the discharged soldiers of the Allies follow them to this land of opportunity, with many others who wish to forget the horrors of Europe, how shall we find ourselves prepared for them? We shall probably have been enriched in some respects by the war, and the demands upon our industries are likely to increase, although not to an extent which will absorb their full output for some time to come. In any event, we shall probably not be so much engaged in building for the future as endeavouring to turn out products which will justify what we have already done. We shall therefore hope that our soldiers and our immigrants will turn to the land far more generally than have the immigrants of the last ten years. As Canada is the last great area with unploughed land in the temperate zone and under a democratic government, and as the returning soldiers will as a rule wish for out-door work, we may hope that they will very generally become farmers. If so, should we not, despite the over-

work incidental to the war, be preparing for a great settlement on the land? We have learned a lesson from indiscriminate immigration; we know what it means to have citizens who are not yet Canadians in their sense of loyalty to the Empire, and if we are wise we shall base our estimate of the value of each new arrival upon larger considerations than that of mere material prosperity. Can we plant in many centres, and in every province in Canada from the Atlantic to the Pacific, soldier-farmers who will themselves be centres of loyalty and whose grandchildren will boast that they were sired by men who fought in the great war for liberty? If we can, we shall have done much to assure the safety of Canada and its institutions, and we shall thus make this country far better worth while than if we miss this golden opportunity. To succeed, however, we must organize so as to secure the land at fair prices; we must lend the necessary money on such terms that its return will be effected by a reasonable rent charge; we must continue to lend for later improvements in the same manner, and finally, so long as the soldier-farmer shows that he is making good, we must back him somewhat better than the man who has not fought for us. Only the government can do these things, but I am sure that it can be done so as to help merely those who deserve to be helped, so as to ensure success in the majority of cases, and so as to pay in some slight degree our debt to those without whose courage all that we and our forebears have done to make Canada a nation would be as naught.

On motion of the President, seconded by the Vice-President, the Report of the Directors was adopted.

The President: As you are aware, the death of Mr. Laird has occurred during the year, and we are bringing forward the name of Mr. Herbert C. Cox as his successor. Yesterday morning we received news of the death of Mr. Gardner Stevens, the late Vice-President of the Eastern

Townships Bank, who was one of the directors added to the Board at the time of the Eastern Townships Bank amalgamation.

I should here like to record also the death of Mr. J. N. Galer, of Dunham, who has acted as local director of The Canadian Bank of Commerce at Cowansville since our bank took over the Eastern Townships Bank. For many years he was an honoured director of that bank, retiring in 1903, on account of ill-health, and it is fitting that we should pay this tribute to his memory to-day.

As we do not wish to replace Mr. Gardner Stevens, we are amending the by-laws and making the number of Directors nineteen.

The Vice-President then moved, seconded by Mr. G. W. Allan, K.C.:—

Be it enacted as a by-law by the shareholders of The Canadian Bank of Commerce, assembled at the annual general meeting held in the board room of The Canadian Bank of Commerce, at the corner of King and Jordan Streets, Toronto, on the 11th day of January, 1916, as follows:—

That the first sentence of by-law number 1 adopted by the shareholders on the 12th day of January, 1909, and amended by them on the 9th day of January, 1912, on the 14th day of January, 1913, and on the 13th day of January, 1914, be and it is hereby repealed and the following substituted therefor:—

The Board of Directors of the Bank shall be nineteen in number, of whom three shall constitute a quorum.

The resolution was then carried unanimously.

Mr. H. C. Cox: I beg to move, seconded by Mr. William Cook, that the retiring auditors, Messrs. T. Harry Webb, C.A., and James Marwick, C.A., be, and they are hereby re-appointed to hold office until the next annual general meeting, their remuneration not to exceed \$15,000. Carried.

Mr. G. A. Morrow: Mr. Chairman, I beg to move that the thanks of the meeting are due and are hereby tendered to the President, Vice-President, and the other Directors for their careful attention to the interests of the Bank during the past twelve months.

The motion was seconded by Mr. A. J. Helliwell and carried.

The President: So much has been said on the subject to-day that it is not necessary for me to indicate that it has been perhaps as trying and difficult a year as bankers in Canada have ever had to face. The only thought we can comfort ourselves with is that almost all of the fears that we entertained in 1914 proved to be groundless, and that Canada is now in as different a condition from what we then feared as could well be. When the war came, like every one else in Canada, we endeavoured to do our best, with the result laid before you to-day.

Mr. E. M. Saunders: I have much pleasure in moving the following resolution:—

That the thanks of the meeting be tendered to the General Manager, the Assistant General Manager and other officers of the Bank for the satisfactory discharge of their respective duties during the past twelve months.

I feel, Mr. President, highly honoured to have the opportunity of moving this resolution, and as an old employee of the Bank I can perhaps speak feelingly. I know very well the energy that the General Manager put into his work, and made us put into our work, too—we had to show results. It is unnecessary for me to enlarge on this, as the best evidence of the satisfactory work of the General Manager, the Assistant General Manager and the officers is found in the statements presented to you.

If I may be permitted, Mr. President, I should like to take this opportunity of paying tribute to the late General Manager, Mr. Alexander Laird, with whom I was associated for a number of years, and also to those brave men,

who have been referred to here, who have sacrificed their lives for their country.

Mr. Walter J. Barr then seconded the resolution.

The General Manager: I wish to thank the shareholders very sincerely for this resolution, particularly as we have passed through a very eventful and strenuous year. You will understand that it has been more strenuous than usual because of Mr. Laird's almost continuous illness since we last gathered here, and also because we have lost a great many very efficient men who have taken up military duties. However, I feel that the Head Office officials could not have accomplished what we have done during the past year without the loyal support of the executive of the various districts into which the Bank is divided, of the senior officers and of the whole staff, and I wish publicly to express my appreciation to the staff generally for the loyal support which I have received during the past year.

We have with us to-day some of our senior officers from other districts, and I purpose asking two or three of them to speak.

First of all, however, I should like to introduce to the shareholders my associate, Mr. Jones, formerly Manager of our important branch in London, England, who has now come here to discharge the duties of Assistant General Manager. I shall ask him to reply to this motion.

Mr. Jones: It is probably the first occasion on which any member of the staff in London has been present at this meeting and has had an opportunity of testifying to the *esprit de corps* which exists in the staff at that distant branch.

I have come here as a stranger to a great many of the present staff, and it has been a source of satisfaction to me to hear that my appointment has been welcomed by them. I wish to assure the Board of Directors and the shareholders that I have a deep sense of the responsibilities attaching to my present position, and that it will be my earnest endeavour

to the best of my ability to live up to the high traditions of my predecessors. In conclusion, I should like to associate myself with the expressions of regret at the loss we have suffered through the death of Mr. Laird, and in doing so I am confident that I express the feelings of every member of the staff.

Mr. Bell: It affords me very great pleasure indeed to respond to this motion of thanks to the staff. I think it is generally admitted that we have in this Bank a very loyal and efficient service, and the fact that you are good enough to remember them in this way at your annual meetings is very much appreciated by them. I think it is fitting to say in this connection that the quality of the service rendered is a very real and a very natural reflection of the general policy and attitude of the Executive towards the staff. The men are taught to understand that merit alone counts in their advancement, and that faithfulness and efficiency are always recognized. I think, gentlemen, that under these circumstances it would be strange indeed if the staff did not measure up to the very high standard which is required of them.

Mr. Francis: I wish to express my thanks to you on behalf of the staff of the Central Western District for the vote of thanks which you have tendered us for the services which have been rendered during the past year. It has been an unusually strenuous year apart from the large number of men who have enlisted. The large crop movement this year has added considerably to the work of the staff, but that additional burden has been cheerfully shouldered, and it is a source of great satisfaction to us to know that our services are appreciated.

I should like to join with the others who have referred to the sense of personal loss with which the news of the death of Mr. Laird was received by the staff. He was rightly regarded as their true friend, and his loss is greatly to be regretted.

The announcement of the appointment of Mr. Aird as his successor was received in the Central Western District with enthusiasm. He served there, as you know, as Superintendent, and he earned the deep regard and affection of the staff, and to him and to the new Assistant General Manager I have no hesitation in saying that the staff generally will give their loyal support.

Mr. A. Kingman: I move, That the meeting do now proceed to elect Directors for the coming year, and that for this purpose the ballot box be opened and remain open until three o'clock this day, the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered; the result of the election to be reported by the scrutineers to the General Manager.

The motion was seconded by Mr. G. F. Galt, and carried. The meeting then adjourned.

The scrutineers subsequently announced the following gentlemen to be elected as Directors for the coming year: Sir Edmund Walker, C.V.O., LL.D., D.C.L., John Hoskin, K.C., LL.D., D.C.L., J. W. Flavelle, LL.D., A. Kingman, Hon. Sir Lyman Melvin Jones, Hon. W. C. Edwards, Z. A. Lash, K.C., LL.D., E. R. Wood, Sir John M. Gibson, K.C.M.G., K.C., LL.D., Robert Stuart, George F. Galt, A. C. Flumerfelt, William Farwell, D.C.L., George G. Foster, K.C., Charles Colby, M.A., Ph.D., George W. Allan, K.C., H. J. Fuller, F. P. Jones, and H. C. Cox.

At a meeting of the newly elected Board of Directors, held subsequently, Sir Edmund Walker, C.V.O., LL.D., D.C.L., was elected President and Mr. Z. A. Lash, K.C., LL.D., Vice-President.

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1915

NEWFOUNDLAND - - - - -	The St. John's Manager
THE MARITIME PROVINCES - - - -	The Halifax Manager
QUEBEC - - - - -	The Montreal Manager
ONTARIO - - - - -	The Acting Inspector
MANITOBA, SASKATCHEWAN AND ALBERTA - - - - -	{ The Superintendent of Central Western Branches
BRITISH COLUMBIA AND YUKON- -	{ The Superintendent of Pacific Coast Branches
THE UNITED STATES - - - - -	{ The New York Agent and the Superinten- dent of Pacific Coast Branches
GREAT BRITAIN - - - - -	{ The Assistant General Manager

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1915

NEWFOUNDLAND

A year ago we expressed the opinion that, so far as we could see, Newfoundland would probably feel the effects of the war as little as any country would do; and the results of the past twelve months show that our anticipations have been realized. The year now ended has witnessed a period of moderate prosperity in all lines and the fishing industry, which is the backbone of the country, has experienced a good season notwithstanding the failure of the sealing expedition. Codfishing, except in the waters of Labrador, has been all that could be desired, and there is an excellent prospect of the fish being marketed at high prices, the full benefit of which will accrue to the fishermen. On the whole, the year 1915 has been a satisfactory one to the people of Newfoundland.

As is well known, the wealth of the country is drawn chiefly from the sea, and the annual value of the catch, which consists principally of codfish, herring, lobsters and seals, is about \$12,000,000 to \$13,000,000. Codfish valued at \$11,000,000 formed the bulk of last season's catch, together with seals worth \$500,000, and herring worth \$400,000. Other varieties of fish are but little sought for. Halibut might become a valuable article of export but for the fact that the lack of cold-storage facilities, both on the island and on the vessels engaged in the carrying trade, prevents the fish from reaching the American market. Lobster fishing is gradually being abandoned.

Dried codfish constitutes the country's chief export, Portugal, Spain, Italy, Greece, Brazil, the United States and the West Indies being the chief buyers. It is doubtful,

however, whether this industry can be developed much further unless new markets can be found to absorb an increased supply of this commodity. At present the quantities exported from Newfoundland and Norway suffice for the demands of the existing markets.

Herring fishing offers an excellent field for further development, but until improved methods in this branch of the fishing industry are adopted little advantage will accrue to the colony therefrom. At present the use of the trawler is almost unknown and the fishing is carried on inshore, with the result that if the fish keep to deep water the operations of the fishermen meet with little success. Newfoundland herring sell for about \$3.50, whereas Scotch-cured herring bring about \$25 per barrel; but if proper curing methods are adopted, there is no reason why Newfoundland herring should not command much higher prices. There can be little doubt but that the waters surrounding the island abound in huge quantities of fish of various kinds and afford excellent fields for exploitation.

During the year the timber business of the colony has benefited to the extent of nearly \$500,000 through supplying pit props to British coal mining concerns, but as the countries contiguous to the Baltic are the natural source of supply for this class of timber it is probable that the present improvement in this branch of the trade must be looked upon as temporary. With the above exception, the industry is not regarded as being very profitable. The pulp and paper industries continue active.

In mining the activity of the iron and steel foundries of Canada has led to an increased output from the iron mines at Bell Island. Besides the deposits in the district referred to, the estimated value of which is \$3,500,000,000, there are various other iron deposits throughout the colony, but none are being worked. There are outcrops of copper in several districts, but

they are apparently too small in extent to be profitably worked. While the history of mining in Newfoundland, apart from that of the iron mines of Bell Island, is marked by failure, the possibilities of the industry have not yet been fully investigated, and it remains for geological research to discover whether the mineral resources of the country are such as would warrant their development.

Agriculture plays a comparatively small part in the life of the islanders, owing to the fact that the soil is rocky and that the climatic conditions generally prevent grain from properly ripening and are more suitable to live-stock farming than to grain-growing. Such crops as are grown are chiefly hay, roots and vegetables.

The colony is rich in water power, but so far there has been little opportunity to utilize it. Manufacturing is carried on to a very limited extent and is confined to such articles as are required for home consumption, all raw materials having to be imported.

MARITIME PROVINCES

Our report a year ago expressed a considerable degree of confidence regarding general conditions in the Maritime Provinces, but some aspects of the situation were not without difficulty and perplexity. Owing to uncertainty as to the duration of the war, the lumber business had to face a situation in regard to markets, freights and exchange entirely unprecedented in the trade. This, however, was met with commendable courage, and the lumber output is estimated to have been from twenty-five to thirty-five per cent. above that of the previous season; notwithstanding the abnormal rise in transatlantic freights and the fall in the value of sterling exchange, the usual proportion of the product has been marketed and we believe more than average profits have been realized.

At present the outlook for next season is distinctly unfavourable. Ocean freights are as high as 200 shillings per standard against a normal rate of 40 shillings. Sterling exchange still rules low and the congestion at British ports continues. In view of the whole situation, we expect little more than half the normal production during the coming season. A number of profitable contracts have been made with the British collieries for pit props, and among small operators this trade may to some extent take the place of lumbering during the coming winter.

Following the outbreak of the war, a number of the principal industries became very depressed, and the outlook was extremely gloomy until the turn of the year, when ordinary business improved and the overflow of war orders to Canada gave them a large and profitable business. Great enterprise has been shown in meeting these new conditions. The Dominion Iron & Steel Company, Limited, has added to its works a plant for the recovery, from the coke oven gases, of benzole, toluol and other hydro-carbons valuable in the manufacture of high explosives. In October last, the shareholders of the Nova Scotia Steel & Coal Company, Limited, were informed "that there had been a very large increase of business, that more men were employed than at any stage in the company's history, that the steel department had never been so busy, that its car plant was fully employed on profitable orders for foreign governments, and that its surplus vessels were chartered at prevailing profitable rates." Those secondary industries which have proper capitalization and are under capable direction, are receiving reports of improving and fairly satisfactory conditions, especially from their western connections.

"Patriotism and Production" found a hearty response down by the sea, and the total cultivated acreage was larger than formerly. A wet and backward spring proved unfavourable for apples and potatoes, and the yield of

these, especially of the latter, was disappointing, being fully 40 per cent. less than that of last year. With these exceptions, however, the returns from agriculture have been abundant, and the quantity of hay in many localities has been phenomenal. All farm products have brought good prices, and this will to a great extent make up for the shortage of potatoes and apples. The Agricultural College at Truro, to which we have alluded in our former reports, is making steady progress from year to year, those at Sussex and Fredericton are also extending their influence, and the proposed establishment of another in northern New Brunswick gives promise of the agricultural development of these provinces. We are able to report a further substantial increase in the output of dairy products, especially in Nova Scotia; and by a judicious competitive scheme, individual farmers in selected localities through intensive methods, have obtained surprisingly good results. One case is so striking that it may be given here: Albert C. Veinotte, Lunenburg County, who makes a practice of attending lectures at the Agricultural College, in 1914 grew on two acres 969 bushels of marketable potatoes, and in 1915 increased this to 1,000 bushels. This was on land no better than any of the cultivated portions of these provinces, where the average yield is probably not more than 150 bushels per acre. Mr. Veinotte used \$67 worth of commercial fertilizer and spent possibly another \$10 in spraying mixture; otherwise, this fine result was obtained by careful selection and thorough cultivation. At the time of writing the potatoes from Mr. Veinotte's two acres are worth \$750.

In the important matter of live stock the farmers of the Maritime Provinces do most seriously and culpably lag behind. Either they are not able to keep up the number of young stock, or they make the mistake of killing them off too early, and thus, so far as we have been able to procure statistics, a falling off is taking place in every

class. The decreases are as follows: horses 2 per cent., milch cows $3\frac{1}{2}$ per cent., other cattle 6 per cent., sheep 5 per cent., and swine 8 per cent. The Secretary of Agriculture in each province is giving special attention to this matter and to improvements in breeding.

In Prince Edward Island the war put an end to all speculation in foxes for breeding, and the business is now practically on a pelt basis. Its future will be watched with interest and sympathy. The degree of general prosperity and comfort enjoyed by the population of the province continues undiminished.

The patriotic resolve to increase production extended to the large fishing population, and the returns from the sea have been considerably above the average. The Lunenburg banking fleet had a very good season, its total catch being 227,245 quintals, which at present prices means at least a million and a quarter dollars distributed among about two thousand fishermen. Reckoning the number of vessels in the fleet at one hundred and twenty-five, each costing with complete outfit about \$10,000, this season's catch alone yields more than 100 per cent. on the investment; or, taking it on the basis of wages for the time employed, each man earned over \$100 per month. The shore fisheries also were highly successful, and for all varieties of fish and cure there have been continuously good markets. Our misgivings a year ago regarding the canned lobster trade proved unfounded, and although conducted on a scale of prices fully 25 per cent. lower than in recent years, it has produced satisfactory results. The quantity was equal to that of 1914, and it is believed that the surplus left on the market at the outbreak of the war and the entire new pack have both been absorbed. There was a large increase in the export of live lobsters and good prices were obtained. The position, therefore, of the fishing industry is at present

very good, and the outlook, both in the domestic and in the export trade, especially in view of the abnormal conditions in Europe, is such as to justify a large degree of optimism. With the adoption of more modern methods of fishing and curing, as practised in Scotland and Norway, our fisheries would be worth very much more money, and scarcely any limit could be placed upon their development.

The output of the collieries for the year ending September 30th, 1915, was about 6,400,000 tons, 626,000 tons below that of the previous year and 4,000,000 tons below their developed capacity. The falling off was due partly to policy and partly to scarcity of water transportation, but principally to shortage of labour owing to military enlistment. The present market conditions are excellent. The valuable antimony mines near Windsor and Fredericton have been operated to their full capacity, and the product has been of great value to the mother country in the manufacture of munitions. Metal antimony at the present time is worth £125 per ton. There is nothing of interest to note regarding the other mineral productions, excepting, perhaps, in the matter of gold. Nova Scotia contains 3,000 square miles of gold-bearing rock, of which there are only fifty square miles under title. Twenty-five companies at one time or another, covering a long period, have operated gold mines in the province, but the total area of all their workings is less than one-half of a square mile. A remarkable evidence of the possibilities of this industry has recently come before us. A mine at Montague, near Halifax, was worked for several years and produced \$137,000, when the lead was lost and the mine abandoned. A year or two ago it was re-opened with the view of re-discovering the vein, this has been done, and the ore now being taken out runs from four to eight ounces per ton. This may be an exceptional case, but it shows the possibilities of the whole region.

The foregoing report shows that the returns from the resources of the provinces during the past year have been more than sustained. This is reflected in a good volume of mercantile trade, the restoration of average railway earnings, the absence of any considerable insolvencies, a well-distributed building trade with an improvement in the class of buildings, busy shipyards and labour fully employed at high wages. Bank deposits have increased, even though unusual investments have been made in the war loans; the percentage of mortgages in default is negligible; life insurance business is reported to be substantially better than in 1914; clearing house returns have increased 10 per cent., customs 15 per cent., inland revenue 30 per cent.; and exports at the ports of St. John, Halifax, Sydney and Pictou Landing have reached high records both in value of merchandise and number of vessels.

Since the outbreak of the war, about twenty thousand men have enlisted in these provinces for military duty. This is over 10 per cent. of the male population of military age. Of these, over 80 per cent. are native born, and practically every man left regular employment. This has necessitated a degree of strain on those engaged in many lines of business, but thus far no decrease in output has resulted except in the case of coal.

QUEBEC

In the Province of Quebec, as elsewhere in the Dominion, the year 1915 was entered upon with grave apprehension. The unprecedented conditions resulting from the war forcibly impressed upon the people the necessity for strict economy in every department of life, and emphasized the importance of increasing the national production as the only means of lessening the difficulties which seemed imminent. Fortunately the harvest has been a bountiful

one, trade conditions on the whole have been better than was expected, and at the close of the year there is a decidedly more hopeful feeling as to the business outlook.

The appeal which was made a year ago to the farmers of Canada on patriotic grounds to increase the agricultural output of the country to the utmost extent, met a ready response in the Province of Quebec, with results that have been profitable to the farmers and of direct benefit to the country generally. The weather conditions on the whole have been favourable during the year, and the plentiful crops with the high prices prevailing, have fully rewarded those farmers who wisely cultivated an increased acreage.

While reports from different sections vary considerably with regard to hay—the chief crop of this province—the result on the whole appears to have been very satisfactory. The area under this crop is estimated at 2,922,000 acres, a slight decrease owing to the land having been ploughed up for other crops, but, notwithstanding this, the total yield was larger than in 1914 and prices were higher, owing to the active demand for export and to heavy purchases on government account. The area sown to oats has increased this year and is now estimated at 1,400,000 acres, as compared with 1,327,000 last year. The crop was an excellent one as regards both yield and quality; it is estimated at 43,834,000 bushels and prices on the average have been high. The area sown to barley in this province is only about 85,000 acres; the estimated yield was 2,312,000 bushels, which is about the average of the last few years. The wheat grown in this province is all spring wheat, the quantity raised being comparatively small. Each year, however, more is being grown, and the most noticeable change in farming this year is the large increase in this cereal, the total yield being estimated at 1,447,000 bushels, as against 990,000 bushels in 1914. The yield per acre improved considerably, and the area was increased about 30 per cent.

The root crops were fair with the exception of potatoes, which, owing to the wet weather at the end of August, yielded only moderately throughout the province. The apple orchards in many districts are apparently suffering from the effects of the caterpillar pest of the last few years, the crop was below the average, and even where the orchards yielded well, the percentage of the crop which graded No. 1 was comparatively small. If more time and labour were spent in spraying and pruning, better results would be obtained. Choice apples were in good demand at high prices. Small fruits were in abundant supply and maintained the average prices ruling in other years. The tobacco crop suffered to some extent from the lack of heat during the summer, especially during the early part of the growing season, which was also a little too dry. Later on excessive rains damaged the crop somewhat in sections where the land was not sufficiently drained. That part of the crop, however, which escaped damage yielded fairly good tobacco. The area under cultivation is estimated at about 5,000 acres, a slight increase over 1914. The yield per acre averages about 1,000 pounds. There is still room for improvement in the methods of preparing the soil and of harvesting and drying the tobacco. The discovery of a chemical compound which kills tobacco worms, the worst enemy of the plant, without injuring the latter is likely to prove of great benefit to tobacco-growing. The formula was tested last spring with satisfactory results.

The maple sugar season was poor, the yield being only slightly over one-third of the normal. It commenced with very cold weather, but subsequently turned too warm to allow of a satisfactory flow of sap. A good quality of sugar was produced early in the season, but the later output was of a lower grade. The shortage has resulted in an advance of 10 to 25 per cent. in the price of maple sugar, and of about 10 per cent. in maple syrup. All stocks of old sugar have now been disposed of and

higher prices should rule during the coming year. Although the season in the Province of Quebec is a very short one, lasting only about two or three weeks, it is interesting to note that the total value of the maple sugar and maple syrup produced in an average year is about equal to that of the fruit crop of the province. The amended law respecting maple sugar products, which came into force this year, is having good effect in protecting this industry from the evils of adulteration.

With very few exceptions, the districts in which dairying is carried on report profitable results. While the condition of the pastures was poor during the summer, and improved only under the influence of the autumn rains, the make of cheese and butter appears to have been up to the average of late years, and dairy products commanded high prices throughout the season. Cheese brought unusually high prices, the range being from 12 to 17½ cents, and butter ruled from 2 to 3 cents higher than last year. The export of cream to the United States continues on a large scale, and a fair quantity of butter has also been shipped to that market. The extent to which calves are being sold cannot but have a serious effect on the dairy production of the future. The available statistics again show a falling off in the number of milch cows in the province, the estimated decrease being 13,056 from July, 1914, to July, 1915.

Cattle appear to have thrived during the summer. It is encouraging to note that greater attention is being paid to improving the grade of live stock raised, and very fine exhibits of thoroughbred Ayrshire, Holstein, Durham and Jersey cattle were made at several of the agricultural fairs. Reports generally indicate, however, that there has been no increase in the production of beef cattle, and it is still necessary to obtain a large part of our supplies from Ontario. The high level of prices which ruled during 1914 continued until midsummer of this year. A considerable

number of Canadian cattle were marketed in the United States, especially those of the better grades. When, however, grass cattle commenced to be marketed in August and September the price gradually declined until our best butcher steers are to-day selling on a lower basis than for some time past. Several shipments of frozen beef were exported to France and England, but the exceptionally high ocean freight rates make it very difficult for Canadian beef to compete with beef from the Argentine on the present market. During the months of short supply in England frozen beef sold as high as $7\frac{1}{2}$ d. to 9d. per pound, but as the price in that market has now declined to $6\frac{1}{2}$ d. per pound, there is still no opportunity for exporting. The run of beef cattle in the Province of Quebec this fall is about the same as last year, consisting chiefly of stocker steers and heifers, and common grade cattle. There has been a good demand for the former, especially at United States points. Since farmers are fortunate in having an abundance of feed, there seems to be no question but that more cattle will be fed this winter. The record prices for sheep and wool have revived interest in sheep raising, an industry for which the province is well adapted. There has been an active demand this fall for sheep and lambs at high prices, live lambs selling as high as $9\frac{1}{4}$ cents per pound on the Montreal market, as compared with $7\frac{1}{4}$ to $7\frac{1}{2}$ cents last year. This increase in price is partly accounted for by the fact that the skins are worth much more on account of the high price of wool, for which there has been an extensive demand mainly on account of the war. The province continues to produce a comparatively small number of hogs—not sufficient to supply the requirements of its own population. During the first four months of this year large quantities of hogs were brought down from the western provinces for this market. The prices paid farmers have ruled very high, ranging from 8 to $9\frac{1}{2}$ cents per pound. With the

abundance of rough feed in the country, there should be a marked increase in the number of hogs during 1916. The prospects for the live-stock industry in Canada appear to be very favourable. The conflict in Europe has created an unprecedented demand for all kinds of meat, and as long as the war lasts this condition will probably continue.

With the exception of purchases made for war purposes, there has been very little demand for horses, and prices are consequently low. Farmers are overstocked, but do not wish to sacrifice their horses. More interest is being manifested in raising well-bred draught horses, but there is practically no demand for them at present.

The cod fisheries of the province have had a successful season; the catch has been large and owing to the world-wide shortage of fish, the price has been higher than for many years. The catch of mackerel was considerably below the average, but the price was 50% higher, owing to Norwegian and Irish mackerel being out of the market. The output of herring was about 50,000 barrels short of that of last year. The lobster catch was barely an average one. The following table shows the value of the principal fisheries of the province:—

	Cwt.	Value
Cod.....	567,664	\$1,050,918
Herring.....	355,849	240,969
Lobsters.....	22,810	204,915
Salmon.....	11,310	120,172
Mackerel.....	21,102	72,180

Lumber operations were carried on during the winter of 1914-15 on a reduced scale, the outlook being unsatisfactory owing to the general depression in the building trade and the large stock of sawn lumber carried over. The winter was not very favourable; the snow came late and left early, and only for a short period was there sufficient snow to make good roads for hauling. Considering the comparative smallness of the cut, these conditions were less serious than they would otherwise have been. The

market has been exceedingly dull throughout the year and prices have been low. Sales in Canada have been at a minimum, and there has been a marked falling off in the volume of shipments to the United States. Shipments of deals to the United Kingdom, however, have been larger than usual, and the demand seems likely to continue, though the trade is hampered by the continuous advance in ocean freight rates and the difficulty of obtaining vessel space. The export of pit props for use in the English coal mines is a new industry in which a moderate business has been done during the year. Shipments of soft-wood lumber have been made in about the usual volume to the South American market. As lumber manufacturers generally are carrying over into next season a large stock of sawn lumber, it would appear desirable that the cut of logs this winter should be small.

Pulpwood has been more or less of a drug in the market, the demand from the United States being considerably below the average; this is due apparently to lessened requirements for paper and to the fact that the American mills have not only been cutting and using wood from their own properties, but have been using a larger percentage of their reserve wood. As a great deal of the pulpwood cut in the winter of 1914-15 is still unsold, it is expected that the quantity taken out of the woods this winter will be comparatively small. At the time of writing the demand from the United States shows signs of improvement.

The mineral production of the Province of Quebec for the year 1914 reached a total value of \$11,732,783, a decline of 10.57% from the figures of 1913. No statistics are yet available for the current year, but a further falling off will doubtless be shown. The chief mineral product of the province is asbestos, an industry which was very unfavourably affected by the outbreak of war, as Germany and Austria have hitherto been the chief markets for the higher

grades of crude asbestos. The outlook for the industry at the close of last year was discouraging; the demand for the commodity had fallen to a low point, and nearly all the mines were closed down. Business began, however, to revive early in the present year, and orders from the United States, Great Britain, France and Italy were received in steadily increasing volume, the demand from these countries being due in a large measure to military and naval requirements. Prices have been fairly steady and are firmly maintained. There is at present a very good demand for all crude and high-grade fibres, but there is still an over-supply of low-grade stock.

One of the effects of the war has been the revival in this province of chrome-iron mining, an industry which has been dormant since the discovery of the Rhodesian deposits in 1908. Chrome is mined principally in New Caledonia, Rhodesia and in some parts of Turkey. At the outbreak of the war the product of the New Caledonian mines, under the control of France, and of the Rhodesian mines, under the control of Great Britain, was commandeered. The largest deposits of chrome on this continent are in the Coleraine district of Quebec, where a number of pits are now being operated. Owing to the increased demand and the very limited supply, the price has doubled since the outbreak of the war.

Notwithstanding the high ocean freight rates and the shortage of tonnage due to the war, the decrease in the number of vessels arriving at the port of Montreal was only about 12 per cent. for the year. The number of ocean vessels arriving was 812, with a total capacity, in round figures, of 2,500,000 tons. This exceeds all previous records with the exception of those of 1914.

The exports of grain from Montreal were considerably below those of last year, though comparing favourably with those of previous years. The decrease is attributed to lack of ocean carrying facilities, which^{be} resulted_{ed} in the

diversion of millions of bushels of grain to American ports. The decrease in shipments of grain was offset by a large increase in the exports of munitions, horses, hay and food-stuffs for the armies of the Allies.

The following figures show the volume of exports of each kind of grain during 1914 and 1915 from the port of Montreal:—

	1914 Bushels	1915 Bushels		Bushels
Wheat.....	60,618,057	34,319,628	Dec.	26,298,429
Oats.....	8,408,130	7,265,560	"	1,142,570
Barley.....	4,493,015	1,397,014	"	3,096,001
Flaxseed.....	183,276	.....	"	183,276
Rye.....	366,460	.....	"	366,460
Corn.....	.....	166,375	Inc.	166,375
Peas.....	.....	18,194	"	18,194
	74,068,938	43,166,771	Net	Dec. 30, 902,167

The exports of hay were entirely for government account and greatly exceeded all previous records, amounting to 2,174,544 bales, as compared with 493,073 bales in 1914. The exports of cheese and butter have been larger than for several years past. The shipments of cheese show an increase of 369,193 boxes and a total value of \$22,806,670 as compared with \$18,493,179 last year. The shipments of butter show an increase of 47,195 packages and a total value of \$897,815 as against \$115,792 in 1914. Exports of flour, which include 109,636 sacks shipped to Newfoundland, amounted to 1,613,214 sacks, a decrease of 1,150,926 sacks as compared with the figures of 1914. These latter, however, included the Canadian gift of 1,000,000 sacks of flour to the Imperial Government. Shipments of timber increased 35,113,623 feet, the total for the year being 106,515,024 feet, as compared with 71,401,401 feet for 1914.

Transactions in real estate have shown a marked falling off; the gradual decline in values which set in a few years ago has been continued during 1915, and rents generally have been lower. While the cost of construction

has declined from 15 to 25 per cent., this has not stimulated building operations, which have been on a very restricted scale.

The year has brought difficulties to many branches of trade, which were, of course, not unexpected in view of the disturbing influences of the war, but a gradual process of adjustment has been going on and general conditions at the close of the year may be regarded as reasonably satisfactory. The province has obtained its share of munition orders, the enormous volume of which has stimulated many lines of industry and has kept a great number of the manufacturing plants working to full capacity. One very beneficial result has been the great reduction in the number of unemployed. It is to be hoped that these improved conditions will not result in any relaxation of efforts to increase production and to practise economy, as these will continue to be important factors in our material welfare for many years to come.

ONTARIO

The optimistic views of the situation in Ontario expressed in our last Annual Report have been more than borne out by the results. General business conditions have been remarkably good in spite of the war, the mining industry has made a new record and, notwithstanding the unfavourable weather in the spring and late summer, agricultural results have seldom been better.

The following are the outstanding features of the agricultural situation during the past year:—

1. Crops phenomenal in quantity, but unsatisfactory as regards quality.
2. Abundance of feed.
3. The lateness of the season and the small amount of fall ploughing.

4. The increase in dairying and the decline in cattle shipments.

5. Low prices and decreased demand for horses.

The acreage prepared for fall wheat last year was considerably in excess of that of the previous year; the crop wintered well and would have been the largest on record had it not been for the excessive rains during the harvesting season. The delay and moisture caused much sprouting and shelling in the stook before the grain could be brought under cover, and much of it is unsuitable for milling purposes, though excellent for cattle feed. The increase of production was due not so much to the increased acreage, considerable as it was, but to the unusually high yield per acre, an increase of nearly 46 per cent. over last year, the average being 30.5 bushels per acre, as compared with 20.9 bushels for 1914 and 21.3 bushels, the average of the last thirty-four years.

The conditions above described also obtain in the case of spring wheat and other cereal crops—increased acreage, good yield, but uneven quality owing to the wet weather. There was an excellent yield of barley, but it was much discoloured by rain and unsuitable for malting purposes. As most of the barley is now fed to stock, however, the matter of colour is not of prime importance. Though oats suffered more from flattening than any other crop, the yield per acre was over the average, and the grain on the whole is of good weight, though rust was complained of in some sections. The crop of corn was an average one, but reports vary as to the quality, there being some complaints of soft cobbing in low-lying districts. Silo corn has done relatively better than that grown for husking, and this year's ensilage is unusually well cobbled.

The following figures, supplied by the Ontario Department of Agriculture, show the acreage and yield of some of

the more important crops on November 1st in each of the last two years:—

	Acres	1914 Bushels	Per acre	Acres	1915 Bushels	Per acre
Fall wheat..	685,692	14,333,548	20.9	811,185	24,737,011	30.5
Spring wheat.	118,607	2,169,425	18.3	162,142	3,439,949	21.2
Barley.....	579,473	18,096,754	31.2	552,318	19,893,129	36.0
Oats.....	2,776,883	103,564,322	37.3	2,871,755	120,217,952	41.9
Rye.....	138,913	2,315,532	16.7	173,736	3,210,512	18.5
Buckwheat..	177,227	4,251,421	24.0	193,497	4,278,366	22.1
Peas.....	177,856	2,609,585	14.7	126,943	2,043,049	16.1
Beans.....	51,149	835,895	16.3	62,863	882,819	14.0
Corn for husk- ing.....	290,817	23,232,360	80.0	309,773	21,760,496	70.2
Corn, silo (tons)....	418,105	4,751,223	11.36	443,736	4,874,377	10.98
Potatoes....	167,591	26,717,587	159	173,934	13,267,023	76
Mangel- wurzel....	50,663	25,439,520	502	50,799	25,302,323	498
Turnips....	95,371	46,336,708	486	97,451	46,598,851	478
Hay, alfalfa, etc. (tons)	3,415,484	3,842,554	1.13	3,231,752	4,253,763	1.32
Mixed grains	456,631	16,854,550	36.9	475,738	19,461,609	40.9

The total value is estimated at \$267,000,000, as compared with \$246,000,000 last year.

For peas and beans the season was too wet, and though the yield in the case of beans was above the average it was not up to the standard in quality. Peas are declining in favour in Ontario, and though an average yield is reported the monetary returns have not been satisfactory to the growers; this is ascribable in great measure to the fact that very few canning factories handled peas this year.

The first crop of hay and clover was light, owing to dry weather in May and June, but the second crop was plentiful, though so damaged by rain that there was practically no seed. The cultivation of alfalfa is increasing and some fine crops were secured this season, mostly in three cuttings. It has an advantage over clover in being more easily cured in wet weather.

The root crops, with the exception of potatoes, all show an average yield on a slightly increased acreage, with quality

running from fair to excellent. Potatoes proved a failure throughout the province, and are generally reported as affected with rot and blight. More than 50 per cent. of the crop was left in the ground as useless, and the indications are that the keeping qualities of the remainder will be very poor. The returns for turnips, mangels and beets may all, perhaps, be classed as satisfactory, though in some sections lacking in quality owing to dampness and difficulty in cultivation.

The fruit crops have been, on the whole, fair. The yield of apples is very light, but pears were in fair quantity, while plums and peaches were plentiful and of excellent quality. Grapes were only a moderate crop, owing to early frosts and unusual slowness in ripening, but the wet weather added considerably to the growth and strength of the vines. Small fruits, though affected by early frosts, were plentiful, but did not stand shipping well. Farmers growing for canning and pickling factories had to use a smaller acreage this year, owing to the canners' decision to reduce their packs. On the whole, satisfactory money results were obtained for all that was delivered, but the yield in most cases was light.

The pastures have been excellent, and the consequence is that all classes of live stock are in good form and remarkably free from disease. The regrettable decrease referred to last year, due to the unprecedented shipments of beef to the United States, has apparently been checked, and both milch cows and other cattle show an increase in number. During the early part of the year cattle were in good demand at high prices and a considerable number were exported, largely to Europe. This demand, however, ceased in September and prices dropped, with the result that for a time cattle were difficult to sell and buyers with stock on hand lost heavily. At the present time the demand is improving, but the market is dull and prices are low compared with former levels. Owing to many of

the large distilleries closing down, there are practically no cattle being fed with a view to shipment to England in the spring. This will have a tendency to keep the price steadier than it has been for some time, and the cattle will be stall-fed by the farmer himself, who has ample feed this year. The demand for young cattle for winter feeding is very noticeable at the present time.

The horse market during the year has not been satisfactory. The large demand for horses for war purposes made no apparent impression on the market and prices have steadily fallen, being practically 25 per cent. lower than a year ago. Farmers generally complain that horses, except of a certain type, are more or less unsaleable unless at a price very much lower than has prevailed for some time.

The following table gives the live stock on hand as at July 1st and the number sold or killed in each of the last two years:—

	1914		1915	
	Stock	Sold or Killed	Stock	Sold or Killed
Horses.....	751,726	96,841	779,131	75,527
Milch cows.....	1,006,703	.....	1,022,518	.....
Other cattle.....	1,597,925	880,303	1,652,228	875,394
Sheep and lambs.....	922,375	534,311	908,095	489,320
Swine.....	1,770,533	2,078,462	1,769,295	2,110,936
Poultry.....	14,175,214	6,325,007	14,273,091	6,764,069

It is claimed that the province has never before had such a satisfactory season for dairy products, and the manufacture of cheese particularly was largely in excess of that of other years. Pastures have been excellent throughout the year and feed is plentiful, so that the yield of milk has not fallen off as in other years. The high price obtainable for pork was an additional inducement to send the milk to the factories and use the residue for hog feeding. The stock of cheese in Montreal on November 1st was 190,000 boxes against 72,000 boxes last year, while the holdings in England are about 10,000 boxes more than a year ago.

Prices for Canadian cheese during the winter are likely to make a record, owing to the curtailment of shipments from the New Zealand market.

Although the stock of swine on hand is practically the same as that of last year, an increased number have been disposed of during the year at very satisfactory prices, and the prospects of profitable returns, taken in conjunction with abundance of feed, lead us to expect a great increase in this business.

The introduction of electricity into the farming districts has greatly improved conditions both in the farmhouse and in the barn, and the farmer has shown himself fully alive to the value of efficient labour-saving devices. Where electricity is not available gasoline engines are being largely used, and if it is practicable to place on the market, as planned, tractors costing from \$300 to \$400 they will make a great difference to the farmer in the saving of labour. On the land itself the farmer is becoming awake to the necessity of employing modern methods, especially tile draining, and numbers of traction ditchers are at work in different parts of the province. The very wet season, while emphasizing the need for tile draining, hindered the work a great deal, but, notwithstanding, a considerable quantity of tile was laid by hand and by machine, and the probability is that next year will see more draining than ever done by the farmers. It has been fairly well proved, especially by the experience of this year, that where farms have been well drained the quality of the crops has been improved and the quantity produced has been increased from 25 to 30 per cent. It is very gratifying to see how well the farming community has answered the call for recruits, and with what vigour and cheerfulness they have coped with the difficulties caused by the consequent shortage in help. This has been accomplished in great measure by extra work on the part of the farmers themselves, both on their own farms and in assisting their

neighbours. More land was also given up to pasture, and the use of improved machinery diminished the necessity for hired help.

Another factor in improving conditions on the farm is the "good roads movement," which is now receiving the hearty support of the farmers throughout the country. Good roads and the increased use of the automobile thus rendered possible have opened up new avenues by which to reach the ultimate consumer. During the year the Government has built by direct grant 129 miles of new roads and repaired 471 miles of old roads. It has also aided municipalities to build 119 miles of new roads under by-law and to repair 1,250 miles of old roads, thus employing a total of over 10,500 men. The most important piece of work yet undertaken by any provincial government is the high road which will eventually run from Windsor to Toronto and from there to Ottawa and Montreal, connecting at the latter point with the Montreal-New York highway. From Windsor to Ottawa this road will follow the old highway, which was the main artery of settlement in the early history of the province. Considering the cities through which this will run, and including the population within a four-mile belt on each side, it will serve one-half of the entire population of the province. The section between Toronto and Hamilton, about thirty-six miles long, may be considered the most important. It is almost completely graded, the smaller bridges and culverts are practically finished, and over seventeen miles of concrete pavement have been laid. It opens up a large and improved fruit-farming and market-gardening section, and in addition to being the local thoroughfare and giving the farmer easy access to the markets at Toronto and Hamilton, it will also serve as an important commercial highway. It is to be hoped that this undertaking will be the main artery into which a large number of excellent cross-roads will run, thus making it accessible to the whole country.

Lake traffic, which during the first part of the season was fairly quiet, became extremely active during the last three months, owing to the sudden increase in the demand for iron ore and for tonnage to move the wheat crop. Exceptionally high freight rates prevailed, with the result that every available vessel was commissioned, but notwithstanding this, the great demand for tonnage in the Atlantic trade has led to the transferring of a number of vessels from the Great Lakes.

The following figures show the tonnage passing through the American and Canadian canals at Sault Ste. Marie from the opening of navigation to October 31st, 1915, as compared with a similar period in 1914:—

Canadian Canal—	1914	1915
Freight.....	26,605,636	5,756,122
Vessels.....	16,522,625	6,853,021
American Canal—		
Freight.....	24,224,972	54,336,900
Vessels.....	22,318,113	41,009,237
Both Canals—		
Freight.....	50,830,608	60,093,022
Vessels.....	38,840,738	48,862,258

As will be noticed, the returns of the traffic passing through the Canadian canal at this point show a very marked decrease from last year's figures, although those for the American canal show an increase more than offsetting this. This is accounted for by the opening up of the new American third lock, through which most of the larger vessels now pass; it has been designed to handle the largest lake freighters, many of which are not able to pass through the Canadian lock when fully loaded.

The facilities afforded large steamers by the new American lock will be equalled, if not excelled, by those provided by the Welland Ship Canal now in course of construction, which, when completed, will enable the largest boats at present in commission, or likely to be

constructed for lake traffic, to pass between Lake Ontario and Lake Erie. This canal follows an almost direct line across the Niagara peninsula from Port Colborne on Lake Erie to Port Weller, the Lake Ontario terminus, about three miles east of Port Dalhousie. The total length from lock to lock is 25 miles, and the difference in level—326 feet—will be overcome by seven lift locks, each having a lift of $46\frac{1}{2}$ feet. These locks are being built to accommodate a boat 800 feet long, 80 feet wide and 30 feet draught. The width of the canal in the reaches between locks will be 200 feet; these reaches are at present being excavated to afford a depth of 25 feet, but if the necessity arises the depth may be increased to 30 feet by dredging, as all the foundations extend below the 30-foot depth.

The lumber business, both manufacturing and retail, continues to suffer from the curtailment of building operations, though a slight improvement has been noticeable owing to the demand for shell boxes. Little or no movement is reported in hardwood sections, and it is not expected that the market will improve until after the war, as there is no demand for this class of lumber.

In the Ottawa district logging operations during the last winter were much less extensive than in previous years, but as owing to the unusually heavy rains the logs came down much more freely than in the two preceding years, an abundant supply reached the mills, giving a cut of 435,000,000 feet, as against 375,000,000 for the season of 1914. This is, however, about 100,000,000 feet less than the normal cut for the Ottawa valley. There are more logs than usual near the mills this winter, and this will enable an early opening of sawing operations next season.

Even fewer men went into the woods this autumn than in 1914, so that the production of logs will be smaller and, while this will not necessarily reduce the cut of 1916, the effect will be materially felt in 1917.

Three markets are available to the Ottawa lumber producer—the home market, the British market and the United States market. Owing to the almost general suspension of building operations in Canada, as well as to the fact that the two transcontinental railways, which have been under construction for some years, are practically completed, the home demand has fallen off materially. The British market has been completely disorganized by the war, and though the Scandinavian and North of Europe lumber supply has been almost wholly cut off, scarcity of vessels and abnormal freight rates have seriously interfered with Canada obtaining its share of this business. Of the three markets named, that of the United States seems the most stable. At the outbreak of the war there was a sharp falling off in the demand from that source, but of late there has been a gradual recovery. Present indications are for still further improvement, particularly as regards the lower grades of lumber.

Great activity has been shown in the mining districts, particularly at the gold, nickel and copper mines. Returns made to the Ontario Bureau of Mines show that the production of the metalliferous mines and works of the province for the nine months ending September 30th, 1915, and the increases or decreases as compared with the same period of 1914, were as follows:—

	Value	Increase	Decrease
Gold.....	\$5,826,941	\$1,884,093	.....
Silver.....	8,030,469	.....	\$2,051,760
Copper.....	2,024,658	359,762	.....
Nickel.....	5,369,536	1,345,980	.....
Iron Ore.....	601,044	221,126	.....
Pig Iron.....	4,510,906	.....	1,933,307
Cobalt Ore.....	12,472	.....	14,091
Cobalt Metal.....	66,552	66,552	.....
Nickel Metal.....	4,762	4,762	.....
Cobalt and Nickel Oxides, etc.....	124,088	.....	331,403

The increase in the production of gold amounts to one-third. The gold districts of Northern Ontario are

fulfilling the prediction made several years ago that they would compensate for the decrease in the production of the silver mines of Cobalt. Thus the combined value of the gold and silver output of the first nine months of the present year was only \$167,661 less than for the same period of 1914, notwithstanding the fact that the yield of silver showed a decrease in value of over 20 per cent. Part of this decrease is due to the low prices which prevailed during the whole nine months. These, however, have since made a sharp and decided recovery. In nickel the production for the nine months equalled the largest previous output for a full year. The yield of copper was also much greater than that of the corresponding period of 1914, and nearly equalled the total output of that year.

Canada does not appear yet to have fully realized the latent possibilities of many of its resources, particularly its unique position with regard to minerals. It is well known that during normal times it produces a large proportion of the world's supply of asbestos and 70 to 80 per cent. of the nickel, but the extent to which the war has enhanced the importance of its deposits of chrome iron and pyrites is not generally realized. Allusion was made in our Annual Report of 1914 to the latter, and the activity in chrome iron mining is dealt with in our report this year on Quebec. Iron pyrites or sulphide of iron is one of the principal sources from which sulphuric acid is derived, the latter being essential to the production of high explosives and many heavy chemicals. The main source of supply is Spain, but this is at present cut off by the lack of ocean tonnage. Pyrites is usually sold on contracts extending over long periods, and the Canadian mines have so far not found any great increase in price, but do experience an increase in demand. It is probable that a continuation of present conditions will eventually result in a considerable advance on present prices.

Our principal talc mines are situated in Madoc, and the Madoc talc is gradually replacing even the high-grade products of Italy and France in the British and United States markets. The war has had a varied effect on this industry. At the beginning of the war the European markets were naturally lost, and the British market was and is greatly curtailed by the scarcity of ocean tonnage and excessive freight rates, the result being that Italian talc secured the London market. Exports to the United States also fell off at this time, but for a different reason. Talc is largely used as a filler for cotton fabrics, and last year, when the price of cotton fell, cotton itself became a cheaper filler than talc, and the consumer thus got a better article at the expense of the talc industry. This condition has, however, changed; cotton is again up in price, and the filling of talc is being resumed. Canadian talc, on again entering the American market, found the importations from France largely curtailed in favour of the Italian article. This was due to several reasons, freight rates were exceptionally low between Italy and the United States, space was easily obtainable and Italian exchange had reached a discount which benefited the talc importer to the extent of several dollars a ton, the result being that the quantity of Italian talc imported into the United States during the nine months increased by over 50 per cent.

From replies received to inquiries made of a number of our important manufacturing and wholesale customers, we gather, speaking generally, that, apart from those concerns engaged on war orders, the volume of business for 1915 will average from 8 per cent. to 30 per cent. less than that of last year, the most marked decrease being shown in those industries dependent on the building trade. The decrease in other lines is undoubtedly to some extent the result of a more conservative policy on the part of retailers in purchasing goods, and while a great many firms

now find themselves doing a smaller volume of business, their operations are on a much sounder basis than hitherto, as is evidenced by the decrease in the number of their bad debts.

In the labour market there is a serious shortage of both skilled and unskilled labour, and it is unnecessary for any one, no matter how untrained, to be unemployed. This is a most unusual condition at this season, and is due in great measure to conditions arising out of the war, among which may be mentioned the large number of men recruited for overseas service, the estimated number from Ontario being 32,000, the exodus of many foreigners since the outbreak of the war and the large number of others held in concentration camps. To these may be added the increased demand for labour by the steel, woollen, leather and other industries engaged in manufacturing war supplies.

The downward tendency in the value of real estate which was so noticeable in 1914 has continued during the past year. Authorities consulted state that there has been practically no buying for speculation, and such properties as have been sold during the year were disposed of at a reduction of from 20 to 25 per cent. of the figures at which they were held a year ago. Dealings in suburban properties which were sub-divided in the boom of 1912-13 and held at inflated prices are at a standstill; it is practically impossible to dispose of such property at any price and many subdivisions are reverting to acreage. There has, however, been no appreciable decline in the value of improved farm land, and it is gratifying to learn that there is an increasing demand for it in certain sections.

MANITOBA, SASKATCHEWAN AND ALBERTA

During 1915 the western farmer has had his innings. The patriotic campaign for "More Production" in agriculture was peculiarly effective in the West because

of the greater possibilities of increasing the acreage under cultivation; and with the added incentive of high prices, the response has been most encouraging. The provincial Departments of Agriculture made strong efforts to induce farmers to cultivate their land more intensively. The Saskatchewan Department issued a very striking leaflet giving concise directions for the proper preparation and cultivation of the seed-bed, and through the instrumentality of the banks this leaflet was placed directly in the hands of over 100,000 farmers in the three provinces. The experience of the two previous seasons had left the farmers in a receptive mood, and from every district comes the report that the quality of the work done on the land this season has shown an astonishing improvement. In addition to this, weather conditions, which until late in the season caused great anxiety, proved after all to have been extraordinarily favourable, and the final result is a yield in nearly every district which is described as "Magnificent," "A record," etc. The grades, too, are so high that at the date of writing (December 1st) out of 148,000,000 bushels of wheat marketed the quantity below milling quality has been negligible.

Our estimate of the total crop is as follows:—

Wheat.....	12,464,826	acres	25.61	per acre	320,275,000	bushels
Oats.....	6,640,418	"	49.69	"	329,290,000	"
Barley.....	1,694,626	"	35.22	"	59,690,000	"
Flax.....	582,830	"	11.56	"	6,740,000	"

These figures have been carefully compiled, after threshing was completed, from reports obtained from our own managers and from managers of other banks at 390 places, well distributed over every district. They slightly exceed the estimate of the North-West Grain Dealers' Association, which placed the wheat crop at 307,000,000 bushels, and they may be accepted as at least showing that the Grain Dealers' estimate was a conservative one.

Canada will probably rank third or fourth this year among the wheat-producing countries of the world. An estimate of the production per-capita shows the following: Canada 48 bushels, Argentine 26, United States 10, Russia 6. The figures are somewhat startling, and indicate that the prosperity of Canada and particularly of the West, is dependent far too much on the production of a single commodity.

With regard to live stock, the scarcity and high price of feed a year ago compelled a great many farmers to sell off or kill off their hogs, a situation which earlier in the year created some alarm. Apparently, however, good breeding stock is still obtainable, and reports indicate that this industry is likely to make a rapid recovery. The farmers' faith in the value of cattle-raising appears to have been unshaken, and it is gratifying to find that, notwithstanding the difficulties as to feed, farmers' holdings of cattle are increasing nearly everywhere except in the area which suffered most severely by drought in 1914. Dairying also has shown satisfactory progress in all districts where it has obtained a start. The development of the sheep industry continues to be slow, but will now doubtless gain marked impetus from the fact that this year sheep are showing much higher profits than any other kind of live stock.

Probably there never was a time in the history of the West when the development of our live stock industry was more to be desired than at this particular moment, and never has it appeared to offer greater opportunities. On the one hand, farmers have an abundance of feed, present prices of cattle are not high, and in view of the serious depletion of holdings in Europe the outlook for prices at the conclusion of the war is regarded by live stock men as promising. On the other hand, statistics seem to point to a surplus of wheat in the near future, in which event prices might fall to a level which would for a time

leave little, if any, profit to our western wheat growers. Some action by our farmers is called for, coupled with some outside assistance to enable them to balance their operations by increasing their holdings of cattle, hogs and sheep.

In round figures we estimate the money value to the farmers of all their products in 1915 as follows:—

Grain crops (excluding feed and seed)	\$270,000,000
Cattle, swine and sheep—sales and increase	45,000,000
Cattle, swine and sheep—farm and local consumption	10,000,000
Horses—sales and increase	6,000,000
Dairy products	20,000,000
Poultry	5,000,000
Horticulture and garden	3,000,000
Potatoes	5,000,000
Cordwood, poles, etc.	3,000,000
	\$367,000,000

This total compares with \$260,000,000 in 1914.

The value of the western grain crop to Canada as a whole can best be indicated by the following estimate of the seaboard value of the surplus of western grain for export:

Wheat (240,000,000 bushels, or more)	\$264,000,000
Oats and barley	50,000,000
	\$314,000,000

In nine-tenths of the country the returns from their crop will not only enable most farmers to clean up all their floating liabilities, but will leave them with a surplus for the reduction of mortgage liabilities, purchases of live stock, etc.; while in the remaining one-tenth—the district visited by an unprecedented drought last year—the farmers will be fairly on their feet again. On the whole, it is safe to say that the financial position of the western farmers is distinctly better than it has ever been.

With the crop of 1915 it is likely that the high-water mark of production has been reached until, with a further

influx of settlers, a considerable addition has been made to the acreage broken. In 1916 the acreage seeded should be considerably less than in 1915, if we are to return to the proper proportion of land in summer fallow. Another factor conducing to a decreased acreage next season is the fact that, owing to the wet weather which followed harvesting, much less fall plowing than usual was done, although to some extent this will be offset by new breaking. On the whole, though the decrease in acreage will be appreciable, with normal weather in the spring the total under cultivation will be quite satisfactory.

There is a serious danger to be guarded against in the coming season, namely, that farmers may be tempted to seed a larger acreage than can be prepared properly, in which event a deficiency of rainfall over any considerable area would involve another bad setback. If our farmers are to maintain and improve the very satisfactory position now achieved they should avoid the gamble—which is certain to go against them taking one year with another—of putting in a crop on any land which has not been really well prepared; and especially is this the case over that large portion of the country in which the conservation of moisture has been shown to be the principal requisite for successful farming. The slogan for 1916 should not be "More Production" in the sense of increased acreage, but "The Maximum Production from Good Cultivation."

That our farmers are now in a more comfortable financial position than ever before is not the only—nor, indeed, is it the most important—feature in the western agricultural situation affording ground for gratification and for confidence as to the future. A long period of good crops and satisfactory prices begot extravagance, recklessness in incurring debt, and, worst of all, indifferent methods of farming. The unfavourable conditions which followed,

from 1912 to 1914, have largely remedied all this, and not only are the farmers now exercising care as regards incurring new indebtedness, but they have been aroused to the necessity for adopting approved methods of tillage. In the latter respect the forward stride taken in 1915 is remarkable.

The movement for increasing agricultural efficiency is being given greater impetus by the activity of the Departments of Agriculture. In Manitoba and Saskatchewan the "Field Agent" system, which has proved so successful elsewhere, has been well started. In Alberta the Agricultural Schools peculiar to that province are proving a marked success. Another notable development of the year has been the adoption by the Dominion Experimental Farms of the practice of conducting demonstration work on the land of individual farmers here and there in each province.

Notwithstanding the substantial progress now being made in agricultural efficiency, the outstanding need of the West is a great extension of the organization for supplying the individual farmer with the particular kind of information he needs. Having regard to the large percentage of settlers of limited experience in farming under the conditions existing on the prairies, the possibilities of a well-developed system are enormous. No expenditure on agriculture would bring quicker results or such large returns as expenditure on a system that would bring this information to the individual farmer on his farm. Our machinery for gathering agricultural knowledge is complete, but that for its dissemination is still lamentably inadequate. One regrettable feature in the situation is that up to the present the farmers are unwilling to discuss the need for greater efficiency. They charge the business interests with seeking to teach the farmers how to farm, and point—not without some reason—to the inefficiency in our commercial and financial development which increases the cost of the

goods and services which the farmer has to buy; too many general storekeepers to be supported, too many implement agents, too much ill-judged credit, a tariff even higher in some cases than is necessary to protect our manufacturers, etc. They feel that the manufacturers by bringing to bear undue influence on the Government have been able to force up duties which already bear heavily on the farmers; that duties are fixed without sufficiently thorough investigation of what constitutes "a square deal" to the farmer; and they say to the business interests: "Help us to remedy all this before you ask us to discuss Production."

This is the view point of the western farmers, as stated by their very able and clear-headed leaders at a conference of business and farming interests held at Winnipeg in November, 1915; and, recognizing that there is ground for at least some of the complaints mentioned above, the conference decided by a unanimous vote to form a "Joint Committee of Agriculture and Commerce," composed of twenty representatives of the farmers' associations and twenty representatives of the principal business interests, to co-operate in an endeavour to find a solution of problems affecting the general welfare of the West. The cleavage between the western agricultural community and the commercial interests of the East has reached a point involving danger to our national welfare. The formation of the joint committee is, therefore, a step of great significance and one fraught with large possibilities.

The conditions of the past year have brought all our urban communities to a sharp realization that their growth must mark time with the country's agricultural development. This feature of the situation is full of promise since it paves the way for the creation of opinion in favour of greater aid to agriculture.

As to general trade conditions, the situation can be outlined in a few words. If we bear in mind that the volume of building construction in our intermediate and smaller

cities had been enormous in proportion to their age and size, and then consider the figures of the building permits in the seven principal cities of Saskatchewan and Alberta for the first ten months of each of the last three years:—

1913.....	\$29,699,000
1914.....	11,054,000
1915.....	1,085,000

if we also note that in 1914 the effects of a partial crop failure were added to the shock caused by the war, rendering imperative strict economies by the farmer, and causing a cessation of building improvements on the farm, we do not need to look much farther for an explanation of a situation which for many months up to the present autumn was characterised by the absence of a market for lumber or building materials and a great shrinkage of railroad traffic. The volume of trading in staple commodities has, however, shown less shrinkage than might have been expected, the decreases in sales of dry goods, clothing, woollens, boots, groceries, fruits, etc., as compared with 1913, ranging from ten per cent. to twenty-five per cent.

With a bad crop year in a country almost wholly dependent on its agricultural production, occurring at a time when the supply of money for capital expenditures was entirely cut off by a world war, it may be questioned whether any part of Canada has ever experienced a period of such severe trial. It is true that the lesson was badly needed in a young country whose people had enjoyed a long period of exuberant prosperity; it has been thoroughly well learned, however, and the only pity is that the schooling should have been so drastic.

The outlook has been entirely changed by the wonderful crop of 1915. At all country points merchants report trade as excellent, with more cash business than ever known. Even the lumber business has had a strong revival,

filling the long-deferred orders of the farmers. The coal output has increased until it bears some relation to its former high level, and railroad traffic now shows increases of from 50 to 75 per cent. over that of last year, and a handsome increase is assured for many months. The outstanding feature of the situation is that this returning prosperity is wholly based on the production of the soil.

We have evidence in the increasing sales of land by the railway and colonization companies, of a return of the flow of settlers to the West in a volume probably as large as is desirable in our best interests. There is, therefore, every reason for strong hopes that we are on the eve of a new period of prosperity.

BRITISH COLUMBIA AND THE YUKON

In the principal cities of British Columbia there has been during the past twelve months a widespread reduction in the volume of business, though some improvement has taken place during the later months; trade is on a sounder footing, and throughout the province economy is being enforced. In the interior districts, where copper and fruit are produced, conditions have been better, but the population has been more or less reduced. The contracting and building trades have naturally suffered most, operations in these lines having almost been brought to a standstill. It is worthy of note that this province has contributed 17,000 men to the army, and applications for enlistment are still coming in rapidly. The number of vacant dwellings, stores and offices is very noticeable, particularly in the larger cities, and as a consequence rents have fallen materially, thus creating a situation under which mortgagors find themselves unable to pay interest, and which involves hardship to those of small means who depend upon this source for their incomes. In face of

the above conditions, the relatively small number of foreclosure proceedings is a satisfactory feature.

In real estate, transactions are extremely few and values have been entirely upset, particularly in the suburban sections; in some farming districts improved properties have been in some demand at fair figures. At the last session of the Legislature an Act was passed whereby, upon the application of a borrower, the Court may order the postponement of payment of principal monies overdue in respect to land contracts, and where the property affected is the bona-fide place of residence of the borrower or his family interest payments may also be similarly deferred; no power is given in respect to unpaid taxes or premiums of insurance, and so far as any such legislation can be so regarded, the Act is as moderate as possible.

Our most important industries are lumbering, fishing and mining, in the first of which extreme dullness was prevalent during the first half of the year, but this was followed in July, August, September and October by much greater activity, some of the interior mills finding it difficult at times to fill orders. Prices have been abnormally low, averaging about \$12 per thousand as against \$14 in 1914. Only about half of the mills in the province have been running, and these not all on full time, the main causes of this inactivity being the much lessened demand in the early part of the year from the prairies, the stagnation in local building, and the practical impossibility of procuring cargo space for export shipments. Stocks in the Central West are now said to be light, and the prospects for 1916 are distinctly more hopeful than they were twelve months ago. The Admiralty took from us about 30,000,000 feet, a considerable part of the stocks at the mills has been cleaned up, and it is estimated that at the end of 1915 there will be 175,000,000 to 200,000,000 feet less on hand than at the same date in the year

preceding. Competition from the United States has been markedly reduced, importations to the Central West amounting to 9,000,000 feet only. The figures for this year's production are not available, but in 1914 they were 775,000,000 feet, as compared with 1,157,000,000 feet in 1913, and from a reliable source we learn that this year's cut will fall short of that of 1914. Shingles have been in active demand, largely due to the trade with the United States. Loggers have operated very lightly and mainly in cedar, but a revival is confidently expected after the turn of the year. Some sales of timber limits have been made at prices attractive to buyers because of the inability of the holders to pay the carrying charges.

The output of paper and pulp continues to show steady improvement; this trade is developing with Australasia as well as with the nearer markets, and the industry is likely to develop into one of very great importance to the province.

As is well known, canned salmon constitutes our principal fish product, and the total catch this year has not differed very greatly from that of 1914. Below we give the figures of the past five years:—

1911.....	948,965 cases
1912.....	996,576 "
1913.....	1,353,901 "
1914.....	1,111,039 "
1915.....	1,132,201 "

The yield of sockeyes, the most valuable of our salmon, for 1914 and 1915 has been as follows:—

1914.....	Total catch	536,696 cases	Fraser River....	185,483 cases
1915.....	" "	474,862 "	"	89,040 "

An enormous falling off in the catch on the Fraser River is noticeable, and some apprehension is felt as to the future. Doubtless 1917, which is the year of the heavy quadrennial run, will show more closely the result of the

damage which was done by the railway operations at Hell Gate, causing a block which greatly hindered the fish from going up the river to spawn in 1913. Prices fortunately have ruled high, the market is strong and, although handicapped by the sterling exchange rates and the difficulty of securing vessel space, the canners as a whole have had an excellent year. The railways are to some extent meeting the difficulty of transportation by a reduction in rate, which enables shipments to be made by combined rail and water route at an advance of 20 cents per case over the all-water route. For mild cured salmon the market has almost disappeared, because the Germans were our largest customers. The value of the entire salmon pack in 1915 is estimated at \$7,420,000, as compared with \$6,930,188, the actual figures of last year.

The catch of herrings and halibut is about double that of last year, and as the Grand Trunk Pacific Railway Company is now in full operation and is carrying large quantities of halibut across the continent, the advantage accruing to Prince Rupert, which is nearest to the fishing grounds, is considerable. Whaling in the waters of the Pacific Ocean tributary to British Columbia is, as heretofore, in the hands of one company, a new organization which bought out the assets of the concern which has handled the business during the past few years. The catch consisted of 229 whales, as compared with 564 in 1914 and 705 in 1913, and including those caught in American waters through a subsidiary concern, the total for 1915 is 563, as compared with 756 last year.

The entire mineral production of the province is expected to realize \$26,763,000, or about \$375,000 more than in 1914. The output of gold, which as a rule reaches a value of \$5,500,000 to \$6,000,000, will this year show some reduction; this will, however, be more than offset by the larger quantities of copper produced and by the enhanced

prices obtained for it. It is expected that the production of the latter metal will reach 52,000,000 pounds, of which 22,000,000 pounds are derived from northern British Columbia. At the average value of 16.95 cents per pound, this would be worth \$8,814,000. Owing to the war, there has naturally been continued activity in copper, and prices during the greater portion of the year have been quite abnormal. Some of the companies are contemplating enlarged expenditure for exploitation and development, and in the northern and certain interior sections of the province prospects of new operations show improvement.

The quantity of coal mined during the last two years is as follows:—

	1914	1915
Coast District (long tons).....	1,211,245	833,373
East Kootenay (long tons).....	955,183	935,526
	2,166,428	1,768,899

The figures for November and December of 1915 are, as usual, founded on estimates. In the earlier part of the year there was dullness in this industry and the production of the mines at the coast was reduced on account of the scarcity of shipping and the more extended use of oil. Later in the year, however, considerable improvement developed at the mines in the interior, chiefly because the activity of the copper smelters called for an enlarged output of coke. It is satisfactory to learn that very careful consideration is now being given by coke producers to the construction of by-product ovens, the result of which will be not merely to increase the value of the coal measures, but to give additional employment to labour. One large mining company on Vancouver Island has recently installed a set of coke ovens, with more in contemplation.

In agriculture and stock-raising the reports from all quarters are satisfactory, except as to the prices obtained

for potatoes and vegetables, which have been abnormally low. In all sections an increased acreage has been planted, and all agricultural products have shown a marked increase in quantity. Cattle have done well, and the price of beef, $5\frac{1}{2}$ to 6 cents per pound, while lower than that of 1914, is a marked improvement on what prevailed in 1909 and was then considered a good figure. There is a slightly better demand for horses because of the requirements of the military, and prices are distinctly better than those of last year, though about twenty-five per cent. lower than those of a few years ago. We give below the number of cattle in British Columbia during the years 1911-1915 inclusive:—

	1911	1912	1913	1914	1915
Horses.....	57,415	59,735	60,518	60,705	57,500
Dairy Cattle...	31,295	34,195	37,095	40,000	43,000
Beef Cattle. ...	105,230	101,021	100,183	99,091	99,000
Sheep.....	39,272	40,702	42,680	43,250	43,500
Swine.....	33,604	32,485	34,541	38,035	36,500

In districts where they have not hitherto been in operation creameries have been established, and mixed farming throughout the province, and agriculture in the fruit sections, have distinctly increased, the grower having learned that he must not rely so much as in the past upon his fruit crop as the chief source of revenue. The exact figures of agricultural production are not available, but this year is expected to show better results, owing to the larger area under cultivation and to the growing disposition of the community to favour British Columbian products, although there are still imported from the United States very large quantities of fruit and vegetables which could be grown within our own boundaries. Farmers are now beginning to realize that co-operation is imperative not only to obtain better prices, but also to lower the cost of production.

Reports from the main fruit-growing districts are highly satisfactory this year; there has been an extra large crop, mainly of apples; in one important section instead

of the expected reduction of 25 per cent. in the output there was an increase of 15 per cent. as compared with last year. Prices have improved, selling arrangements are on distinctly better lines, shipments are now being made to South Africa and Australia, and there is a much better demand from the Central West. The Government is now prosecuting inquiries into the irrigation systems in use in the Okanagan Valley. In that district statistics of fruit and vegetables unfortunately have not been kept separately, but the combined figures will give an indication of the increase which has occurred:—

	Cars Shipped	Approximate value.
1914.....	2,470.....	\$ 860,000
1915.....	3,200.....	1,500,000

The Kettle Valley Railway, which during the past two years has been in process of construction through the Boundary, Okanagan and Similkameen districts to the coast, is now in running order, providing quicker and cheaper transportation for the products of the southern interior sections; the Vancouver, Victoria and Eastern Railway, an offshoot of the Great Northern Railway, which passes through somewhat the same district, is expected to be running trains to the coast in 1916, and the Pacific Great Eastern Railway, in process of construction between North Vancouver and Fort George, is now completed for about 100 miles north from Vancouver. As is well known, the Canadian Northern Railway Company is now running through trains across the continent to this coast, and on Vancouver Island the same company has under construction 152 miles, almost all graded.

Shipping has been more or less demoralized owing to the temporary closing of the Panama Canal and the commandeering by the Imperial authorities of many of the large vessels ordinarily coming to this port. This has led to strong agitation to induce the Government to assist

in the establishment of a merchant marine to ameliorate the situation at present existing under which charters are obtainable almost exclusively in San Francisco, as a result of which British Columbia naturally suffers when there is a scarcity of tonnage. The falling off in shipping has, of course, resulted in a corresponding reduction in the revenue returns of the port of Vancouver; these for 1913 amounted to \$8,241,000, but in the first ten months of 1914 fell to \$5,625,000, the figures for the corresponding ten months of 1915 being \$3,937,000.

There has been but little change in the situation in the Yukon, and while there are said to be 300 to 350 individual miners still in the district, gold mining is almost entirely in the hands of the large companies. The yield of gold for 1915 amounted to \$4,256,805, a slight reduction from the figures of last year. There have been no new discoveries of placer ground worthy of note, and the quartz mining in the neighbourhood of Dawson has been somewhat discouraging, but a silver mine in the Stewart district is said to be yielding good results and is likely to become a profitable producer. Coal to the amount of 5,000 tons has been taken out, and while in the copper belt near White Horse operations have not been continuous during the major portion of the year, these mines are at present being fully worked. The ore yields an average of 7 per cent. of copper, and the gold values are sufficient to offset the smelting charges.

General business at Dawson and in the southern part of the district, has been steady and collections satisfactory. It is to be noted that many of the old-timers who had left the district are now returning. Dairying has been conducted on a small scale with a reasonable measure of success, and the production of vegetables has been quite exceptional both in quantity and quality. The fur farms, upon which are bred foxes, with some mink and marten, have done fairly well, although the demand has

not been as great as in former years—a natural result of the economy which now prevails throughout the Empire.

On the rail and vessel system of the White Pass and Yukon Railway freight showed an increase of 10 per cent. and regular passenger travel has been about on a level with that of previous years, but the tourist traffic last summer showed a considerable increase.

UNITED STATES

I

In our last year's report we referred to the commercial benefits which promised to accrue to this country from the enormous purchases of war supplies which were then only commencing. These war orders have since reached stupendous figures, and while they have undoubtedly been the cause of certain unsatisfactory features in the internal economy of the country, and of some unsettlement in its normal business, they have nevertheless been the chief factor in bringing about the phenomenal development which has taken place in financial and commercial conditions during the past year.

The balance of trade in favour of the United States for the eleven months ending 30th November, as shown by the table below, reached the record breaking total of \$1,583,325,000, and, further, this total will not be offset by that invisible debit created by the expenditures of Americans abroad which has been in former years practically equal to the credit balances. As a result the exchanges continue to rule heavily in favour of this country, although since the first of January, gold to the amount of \$387,000,000 has been imported, American securities in very large amounts have been sold here by foreign holders and loans of about \$768,000,000 have been extended to foreign

countries. In order that the exchanges may be maintained upon a more stable basis and the present prosperous export trade continue, liberal additional loans and credits must be granted.

In the foreign loans mentioned above is included the Anglo-French loan of half a billion dollars, one of the largest ever floated in our market. Having regard to the abnormal conditions prevailing abroad, and the vigorous opposition at first made to it in many parts of the country, the issue was taken with remarkable ease, about one-half of the total amount being withdrawn by members of the original syndicate for their own account or on account of clients who were allowed to participate in the underwriting.

In view of the foregoing facts, and presupposing a continuance for some time of the exhausting war in Europe, it is inevitable that the importance of New York among the world's money centres should be greatly enhanced. The deposits of the great banking institutions here have reached unprecedented totals, and with the facilities afforded them under the Federal Reserve Act, they are in a position to take advantage of the present opportunity and will undoubtedly obtain some portion of the foreign business which was formerly cleared elsewhere. In this connection there is already developing a wide demand for dollar exchange and dollar credits on New York. One of the larger National Banks has recently established branches in South America and Cuba and movements are on foot for the furthering of trade relations with the Latin American countries generally. This development is as yet in its infancy, however, and is greatly handicapped by the lack of American shipping facilities, in view of which the withdrawal of the United States shipping lines from the Pacific is most unfortunate.

Owing to the plethora of money in the country the effect of the Federal Reserve system, the inauguration of which

was briefly referred to in our last report, has not as yet been felt to any appreciable extent. In some more conservative quarters there is apprehension that some features of the system may tend to encourage rather than to restrain inflation, and fear has also been expressed that the control while at present in strong hands, might at some future time come under the influence of politics. Whatever modifications a fuller experience of its operation may show to be necessary, it is perhaps worthy of note that on its first anniversary a uniform rate existed throughout the country for thirty to sixty day re-discounts and that the rates for other maturities varied in the respective districts by only $\frac{1}{2}$ of one per cent.

At the time of writing the New York Stock Exchange is the only great exchange in the world on which dealings in securities are entirely without restrictions, these having been removed on the first of April last. While the recent activity in trading has been accompanied by feverish speculation in some directions, the heavy foreign liquidation referred to above has been well absorbed and there has been a steady appreciation in the value of standard securities.

Domestic trade continues to lag behind the extraordinary development in foreign business. The effects of the latter upon internal conditions are now beginning to be felt, however, and within the last two months there has been a very considerable improvement. This of course is also attributable in large measure to the record-breaking harvest of all the important products except cotton, though in view of the present difficulties incidental to marketing this particular staple, the shortage is not a serious feature. In the iron and steel industries producers are unable to keep pace with the foreign and domestic demands. Railroad earnings are beginning to show gratifying increases and, taken as a whole, conditions point to an era of unprecedented prosperity throughout the country.

Imports and exports for the eleven months ended November 30th last, and for the corresponding periods in 1913 and 1914, were as follows:—

	1913	1914	1915
Imports.....	\$1,608,829,000	\$1,674,896,000	\$1,614,943,000
Exports.....	\$2,250,929,000	\$1,868,452,000	3,198,268,000
Excess of Exports.....	\$ 642,100,000	\$ 193,556,000	\$1,583,325,000

The following estimates of the leading crops of 1915 recently appeared and are compared with those of 1914.

	1914	1915
Corn.....	2,762,804,000 bushels	3,054,535,000 bushels
Wheat.....	891,017,000 "	1,011,505,000 "
Oats.....	1,141,060,000 "	1,540,362,000 "
Barley.....	194,953,000 "	237,000,000 "
Rye.....	42,779,000 "	49,190,000 "
Cotton.....	15,966,000 bales	11,161,000 bales

For the eleven months to November 30th, failures numbered 17,446, with liabilities of \$256,311,226, as compared with 14,555 failures and liabilities of \$296,522,000 in 1914.

II.

This portion of our report deals with the States of Washington, Oregon and California, in the first two of which business, though somewhat disturbed in the early part of the year, has now become nearly normal. Conditions have changed a good deal in respect to exports and imports; in the case of the former this is partly owing to lack of tonnage and to the reduction in foreign markets, and in that of the latter to the shutting out of importations from some centres from which they were made quite liberally before the war. Freight rates are, as is well known, abnormally high, ranging from 225 shillings for lumber to 120 shillings for grain and 125 shillings for

salmon, and even at these figures it is difficult to secure vessels, though some improvement is expected at the turn of the year. Old ships which have been laid up for years have been brought into use because of the scarcity of tonnage, and are earning good profits. The temporary closing of the Panama Canal has, of course, injuriously affected the shipping situation, but not in the same proportion as would have been the case had there been more vessels available; when it is in good order and the risk of delays to shipping becomes a thing of the past, there is no question whatever as to the importance of the trade which will be carried by this route, with resulting benefit to the whole of the Pacific coast.

Trade between Seattle and Alaska has shown considerable improvement owing to the railway construction now in progress in the north and the discovery of some new mining ground.

Salmon fishing, taking the catch of Puget Sound and of Alaska together, has been fairly satisfactory, though on the Sound the pack of sockeyes is the smallest on record and that of pinks is only one-half of what was expected; prices for the latter are 60 cents lower per case than in 1914, when the ruling price was \$3.60. The highest grades of fish are selling at the same figures as last year, but the price of chums has dropped about 80 cents a case. In Alaska the pack of pinks is the largest that has yet been made, the number of cases having nearly doubled in each of the last two years. It is expected that the better grades will in the course of a few months bring higher prices. The entire pack of all kinds of salmon on the Pacific Coast, excluding British Columbia but including Alaska, is stated to be 6,055,000 cases, as compared with 5,670,193 cases in 1914. The mild cured product has fallen off by 50 per cent. as a result of the loss of the German market. About the same quantity of halibut has been caught as in 1914.

It is impossible to procure statistics of lumber production in the States of Oregon and Washington for 1915; in point of fact, those of 1914 have not yet been completed, but the average price obtained has been lower than that of the previous year by \$2.50 to \$4 per thousand, and the market has been dull throughout the year—indeed, the stagnation is said to be unprecedented. A very strong demand for spruce, to be used in the construction of aeroplanes, has sprung up in Great Britain, and the demand for shingles has been fair, but prices have been poor.

As to wheat and other grain, we shall as usual include in our remarks the State of Idaho with Washington and Oregon. In these States a crop of 68,500,000 bushels of wheat, or about 11,500,000 bushels more than in 1914, has been produced. The farmers are holding for better prices, although the present figures of 92 to 95 cents, according to grade, are approximately normal, and the feeling among the best informed authorities is that they will fail in their object, as it is difficult to understand how they can realize better figures for their holdings of wheat when we consider the heavy freight rates and the reduced value of sterling exchange. About the same quantity of barley has been grown as in 1914 and it is in good demand. The crop of oats is about 30,000,000 bushels, which is considerably in excess of that of last year; none have so far been exported and the demand is not heavy. Exports of flour are about the same as in the past, with some increase in the trade with South American points, a trade which seems likely to develop. Of hops the States of Oregon and Washington have produced 148,000 bales, figures slightly below those of the preceding year, but prices are two cents per pound better. In fruit the main crop consists of apples and has been rather lighter than in the preceding twelve months, but prices show an improvement; other crops have been fair. Building has been restricted, and

fairly steady values have been maintained in the good residential and business sections, though rentals have somewhat weakened.

California as a whole has been prosperous, and with the exception of lumber the industries have maintained their position. Larger areas of new land are being brought under cultivation, and the fruit crop has been better both in quantity and in quality, although this has not inured much to the benefit of the grower. Cannerymen have done well, and this business should show satisfactory profits for the year. While the citrus crop has been about normal in size, the shipments have realized \$25,000,000. The production of minerals, in which we include oil, has been large, amounting to \$115,000,000, of which gold accounts for \$20,000,000. In grain the results have been disappointing in respect to both quantity and quality. The wheat production of this State is estimated at about 8,250,000 bushels. As predicted in previous years, the cultivation of rice in California has steadily increased with very satisfactory results to the producers. The Panama Exposition is pronounced to be an unqualified success, and a considerable sum will be returned to the shareholders unless it is decided to devote it to some public object.

In the Hawaiian Islands, which have close business connections with San Francisco, the production of sugar has somewhat exceeded that of last year, and prices have been very much higher.

GREAT BRITAIN

Never was the financial strength of Great Britain more strikingly demonstrated than at the close of the year 1914—the crisis had been successfully passed, the moratorium had ceased, gold reserves stood at their highest, the foreign exchanges were generally favourable and rates for money

were at their lowest. In fact, the world had been made to realize the enormous financial power of London, and the subsequent feeling of relief and of returning confidence was of the greatest assistance to the City and mercantile community as a whole; banking operations on a more generous scale were resumed, and the industries of the country were being maintained and extended where justified. Further, the difficulties of the Stock Exchange had been solved, loans amounting to about £80,000,000 having been cared for, and arrangements made for re-opening the Exchange early in January under Treasury supervision.

Highly satisfactory as were these results of the various remedial and other measures arising out of the war, there was still another feature requiring careful consideration, namely, the fact that an enormous amount of credit money had been created. The consequent ease in the rates for money was viewed with considerable apprehension by the authorities, for about this period it was becoming apparent that the actual cost of the war and the obligation to assist in financing the overseas Dominions and the Allies, were infinitely greater burdens than had been anticipated. Any artificial superabundance of money, it was felt, contained the possibilities of grave trouble in the future, and was not conducive to the husbanding of the national resources demanded by a full appreciation of the financial responsibilities of the Empire.

That the dangers of the situation were early realized by the Government is indicated by the announcement made in January requiring all fresh issues of capital to be approved by the Treasury. Further, at the conference held in Paris, in February, by the Finance Ministers of Great Britain, France and Russia, a plan of close financial co-operation was approved which dealt with two essential features of the cost of the war—namely, the raising by each country of the necessary loans to defray internal expenditure and the

problem of paying neutral countries for goods and services supplied.

The course of the exchanges immediately reflected this condition of ease. The situation, which had been the subject of negotiations between representatives of the Treasury and the American Government during the preceding months, soon righted itself. The adverse movement of the exchanges continued with increasing force and, owing to the slackness of trade, the curtailing of exports and the enormous growth in the country's imports, chiefly from the United States, due to the war requirements of the Government, great difficulty was and is still being experienced in devising means to meet this development of the situation. The customary corrective in the past has been to make the Bank rate effective by removing from the market the excess floating supply of money. To achieve this end the Government, as a first step, issued from time to time on terms favourable to itself Treasury Bills aggregating in all some two hundred million pounds. Government expenditure on an enormous scale, however, practically nullified the effect of these operations, and eventually the Treasury adopted the novel plan of offering to sell Treasury Bills to an unlimited amount, and from April 15th the public had an opportunity of purchasing three-, six- and nine-months Treasury Bills on a basis to yield $2\frac{3}{4}$, $3\frac{5}{8}$ and $3\frac{3}{4}$ per cent. This action at least had the effect of establishing minimum rates for money, and so far was helpful to the general situation, but it was becoming evident that the problem of correcting the exchanges could not be solved by raising the rate of money, or by the measures usually adopted under normal conditions, and gold began to be exported to the United States in ever-increasing volume, the reserve accumulated at Ottawa being first drawn on for this purpose.

It has always been recognized by the money market that Treasury Bills could only be issued to the extent

that they filled the vacuum created by the absence of the usual trade or finance bill, and it became evident early in June that the demand had been satisfied, that there was a decided falling off in the sale of Treasury Bills even at the more attractive rates, which threatened to leave the Exchequer with seriously depleted balances, and that the only remedy was the issue of a Second War Loan. It was at this juncture that a decision of important and far-reaching effect had to be made, namely, whether to place a loan abroad in the United States or to issue a fresh loan at home. The local conditions, namely, the ease in the money market, coupled with the natural reluctance to seek credit abroad for the first time in the history of the nation, decided the Chancellor first of all to test the home market, with the result that a new War Loan of unlimited amount yielding $4\frac{1}{2}$ per cent. was offered to the public during the closing days of June. The terms of the issue were attractive, and its success was immediate; some six hundred million pounds were subscribed, sufficient to finance the war at home for many months to come.

The new loan operation was so framed as still further to increase the Bank of England's control over the money market, and as a result the open market discount rate, which was about 3 per cent. in June, approached the Bank of England minimum rate of 5 per cent. early in August. So far however from accomplishing the main end in view the outflow of gold to the United States steadily increased in volume, and in August gold was attracted to America from practically all the gold-producing countries of the world. A further and most serious break in American exchange about the end of August induced the Government, which had become alarmed before this date, to call the bankers into consultation, and a scheme was thereupon prepared, the success of which depended on the issue of a large loan in the United States. Information had already reached those best qualified to

judge, inclining them to believe that such a loan might be well received, and in due course an Anglo-French commission was appointed to undertake this difficult transaction. Their negotiations were successful and resulted in the issue of the now famous Anglo-French loan of \$500,000,000, half of which was available for Great Britain.

During this period there had been a continual effort to induce holders of American securities to dispose of their holdings in the United States with a view to supporting the rate of exchange, and as the terms on which such securities could be sold in New York were apparently most favourable, owing to the low rate of exchange, very considerable sales are reported to have been made, and these undoubtedly assisted materially in stemming the fall. Arrangements were also made for still larger shipments of gold from Great Britain, Russia and France, as well as from South Africa and Australia, with the result that the rate of exchange slowly responded to these varied influences and returned to the more satisfactory basis at which it stands to-day. In addition to the loan operations, the bankers connected with the mission to the United States negotiated a credit of \$50,000,000, the proceeds of which are to be controlled by a committee of New York and London bankers and used to operate in exchange for the purpose of maintaining the rate at a reasonable figure, say, on a par with the export sovereign when the present insurance and freight rates are taken into consideration.

It is recognized, however, when the enormously increasing volume of imports from America is taken into account that these measures are only temporary in character and further efforts will yet be necessary to meet the large adverse balance of trade now being created. With a view to providing for these future requirements, a plan has been evolved for the mobilization of all American securities in the country under the ægis of the Government. The details of this plan are still under discussion, but it is hoped

it will result in obtaining sufficient securities to create a credit which will meet the requirements of the Government well into the coming year.

The foregoing illustrates how completely the financial history of Great Britain during the past year has been dominated by the necessity of financing the war. The steps taken to meet the numerous difficulties as they arose have brought under examination the old fundamental laws and formulas by which London for years past has ruled the money market of the world, and have demonstrated that the economic forces set in motion by the vast expenditures incurred by the war cannot be controlled except by extraordinary financial measures. Aided, however, by great sacrifices on the part of the people, it will be possible to conserve the nation's resources so that the financial strength of Great Britain may continue to support the vital interests of the Empire and allied nations.

One unfailing barometer of the financial health of a nation is the state of the foreign exchanges, and no single feature more clearly reflects the gradual alteration which has taken place in the financial power of London during the past twelve months. In December, 1914, the exchanges were practically all favourable to Great Britain. Early in the present year, however, the effect of the enormous expenditure for war supplies became evident, and a steady movement against London in the exchanges of the chief neutral countries then set in, with the result that the pound sterling has been at a serious discount. The following table illustrates these changes:

	Dec. 1914	11 months, 1915 Highest Lowest		Dec. 1915
Paris, Cheque	25.04	27.80	25.08	27.60
Amsterdam, Cheque	12.	12.15	11.	11.25
Italy, Cheque	25.60	30.90	25.87	30.90
Switzerland, Cheque	25.50	25.85	24.80	25.20
Madrid, Cheque	26.	25.55	24.25	25.
Petrograd, Cheque	118.	149.	110.	149.
Scandinavia, Cheque	19.30	19.55	16.60	16.60
New York, Cable	4.88	4.85½	4.50	4.72
Rio de Janeiro, 90 d/s	14.	14½	12½	12½

The degree of discount or premium at which the pound sterling stands is an indication of the state of our indebtedness to the several countries concerned. In this connection it must be borne in mind that conditions of semi-moratoria still exist in Russia, France, Italy and, to a limited extent, in the Scandinavian countries.

That Great Britain has been able to settle such a large amount of her abnormal purchases by the shipment of gold at this critical period without seriously impairing her resources is a tribute to her sound financial policy in the past. The movements of bullion which have taken place all over the world despite a state of war demonstrate in a striking manner her command of the highways of the sea. Owing to existing conditions the details of these movements are not published here, and only by a study of the trade returns of the United States is it possible to obtain some conception of their volume. Spain has withdrawn large sums and so have other countries, but the bulk of the shipments have been directed to the United States. As a matter of record, the figures published by the Board of Trade for ten months are given below:

	Imports	Exports
1911.....	£48,693,753	£40,100,540
1912.....	52,688,881	46,938,469
1913.....	59,533,549	46,538,469
1914.....	50,646,542	30,599,050
1915 (11 months).....	7,999,087	31,037,769

It is interesting to note that exports to Spain account for £7,177,633 and to the United States £15,793,488; whereas the published returns of gold imported into the United States to the end of November indicate that over £80,000,000 has been received, of which amount the British Empire is reported to have contributed over £60,000,000. Some considerable portion of this sum has come from Russia and France, but no records of the amounts have been made public.

The whole burden of the past financial year has been borne by and centred in the Bank of England, and while an inspection of its weekly returns does not reveal all the information which could be desired on this subject, yet it is possible to obtain from them some conception of the tremendous fluctuations due to the raising of loans and the enormous war expenditure. Lack of space prevents the publication of a complete record of the important changes in the Bank's position since the high-water mark of last year, but the following figures it is hoped will be of assistance in conveying some impression of the alteration which has taken place in the financial condition of the country:—

	1914 Dec. 16	1915 June 30	1915 Dec. 8
Coin and Bullion..	£72,414,101	£52,091,894	£50,272,748
Circulation.....	35,591,935	34,636,280	34,155,000
Deposits.....	165,904,155	222,168,543	142,461,000
Securities.....	128,450,518	203,958,194	125,750,000
Reserve.....	55,272,166	35,905,614	34,567,000
Rates of Reserve..	33 $\frac{3}{8}$ per cent.	16 $\frac{1}{8}$ per cent.	24 $\frac{1}{2}$ per cent.

The reduction in the amount of gold held, as compared with the high-water mark of last December, is accounted for in part by the transfer of £14,000,000 to the Currency Note Reserve. The importance of the part played by the new Currency Note issue in financing the war, and in providing a circulating medium for use by the public in the absence of gold, has only to be mentioned to be fully appreciated. The popularity of the notes, despite the deep national prejudice in favour of gold, is now assured on patriotic grounds, if on no other, and the steady expansion in the amount issued is indicative not so much of the needs of the Government as of the tremendous increase which has taken place in the number of people actively employed in munition and other work, coupled with the almost general advance in wages. These factors alone, however, do not account

for the whole increase as it is quite evident that the great banks have in some considerable measure replaced their holdings of sovereigns by Currency Notes. That the movement contains elements of grave risk to the economic fabric of the country has been recognized, and no doubt some reasonable limit will be fixed beyond which it will be dangerous to proceed. The following figures of the Currency Note Account published by the Government indicate the enormous expansion which has taken place in this form of currency during the past year, and convey some idea of the use the banks made of their privileges in this direction when financing the new War Loan last July:—

	1914 Dec. 2	1915 July 28	1915 Nov. 24
Currency Notes and Certificates outstanding.....	£34,501,386	£45,386,920	£90,225,658
Investment Reserve Account		303,236	446,969
Advances to Banks	819,000	3,204,000	189,000
Coin and Bullion held.....	14,500,000	28,500,000	28,500,000
Ratio to Notes.....	42 per cent.	62.8 per cent.	31.5 per cent.
Government Securities.....	13,923,546	9,585,827	44,620,563
Balance at Bank of England.	5,258,840	4,250,329	17,114,064

The effect of the war is also clearly indicated by the tremendous change which has taken place in the foreign trade of the country, a visible adverse balance in normal times of £11,000,000 to £12,000,000 per month having been increased to one averaging £31,000,000, a figure that does not include the value of goods imported on Government account, which it is said amount to £20,000,000 a month. The falling off in exports is due to loss of markets, to diversion of industrial activity to meet military requirements, and to the withdrawal of credit facilities usually accorded new countries, while the increase in imports is largely to be attributed to war requirements, although the advance which has taken place in the price of all materials accounts for a very considerable portion of the increase. For instance, to take one item,

88,000,000 cwt. of wheat imported during the first ten months of 1914 were valued at nearly £37,000,000, whereas 71,000,000 cwt. imported during the same period in 1915 were valued at over £46,000,000; in other words, the country has apparently had to pay over 50 per cent. more for its wheat in 1915 than in 1914.

While it is satisfactory to note that some revival has taken place in exports during the year, yet for obvious reasons it is difficult to bring about any appreciable increase. On the other hand, reduced consumption would effect a considerable reduction in imports, and it is to be hoped that the crusade of economy now being carried on by the Government will have important results in this direction. The figures of imports and exports stated below do not include gold and silver bullion:—

11 months ending November	Imports	Exports including Re-exports
1912.....	£670,883,764	£548,570,962
1913.....	697,931,963	582,061,691
1914.....	629,945,300	493,570,837
1915.....	783,281,669	441,795,039

The rise in the price of commodities which occurred at the outbreak of war has continued with increasing severity and presses heavily on all nations alike. The advance has been most pronounced in the case of foodstuffs, and it is hoped that the pressure to market the abundant crop of 1915 will effect an appreciable reduction in this respect. The following comparative statement of the index numbers as published by the "Economist" will be of interest:—

Average	
1901-05.....	2,200
1912.....	2,713
1913.....	2,693
1914.....	2,658
First half of 1915.....	3,222
Third quarter of 1915.....	3,304
November, 1915.....	3,500

For some months past the Clearing Banks have refrained from publishing their monthly statements, so that now no comprehensive statement of the banking position is obtainable, the practice of the individual banks being to publish their statements at different dates in the year. If a statement such as that issued by the Canadian banks were published it would be most helpful. The banks publishing statements on June 30th last exhibited strong cash reserves with an increase in deposits, due to the enormous creation of credit money and the realization of foreign securities. The deposits are said to amount to over £1,300,000,000 and cash and money at call to £410,000,000. The liability for acceptances has fallen off, due to slackening trade and withdrawal of credit facilities abroad.

The figures of the Bankers' Clearing House returns are of interest, as a comparison with previous years gives some indication of the falling off in the volume of business due to the war.

1912.....	£15,961,773,000
1913.....	16,436,404,000
1914.....	14,624,846,000
1915 (11 months).....	12,302,144,000

The accumulation of money resulting from the large credit operations at the end of last year had the usual effect, and low rates prevailed until the advance occasioned by the free offer of Treasury Bills at fixed minimum rates. From that period a slow but steady appreciation has taken place. This has been accomplished only by co-operation between the Bank of England and the banks, and rates are now being maintained at or above the Bank rate only by the offer to sell Treasury Bills at 5 per cent. having a currency of three, six, nine or twelve months, so that the whole position is artificial and cannot help being so in view of the enormous creation of credit by the borrowing operations of the Government. The following figures indicate that a fair margin has existed during the past five months

between the deposit rate and the loan rate for money and bills, which no doubt will be reflected in the bankers' profits for that period.

	Bank Rate	Three Months' Bill Rate	Market Rate for Short Money	Bankers' Deposit Rate
1912.....	£3 15 5	£3 12 7	£2 19 11	£2 5 11
1913.....	4 15 5	4 7 5	3 15 10	3 5 3
1914.....	4 0 9	2 17 8	2 4 3	2 0 4
1915 (6 months ending June)...	5 0 0	2 9 0	1 12 11	2 0 0
1915 (5 months ending Nov- ember).....	5 0 0	4 16 3	4 0 9	2 10 0

Despite the war and the deadening effect of the minimum prices, a review of the securities market for the past year contains many features of interest. The opening of the Stock Exchange gave general satisfaction, and even though operations were of a restricted character, considerable activity ensued, and the several new loans floated met with a marked degree of popularity, the over-abundance of money largely assisting in the success of these operations. The necessity of raising the value of money to counteract the declining exchanges, however, soon compelled the Government to withhold its consent to further applications of this character. The outstanding features of the year have been the successful issue of the new War Loan and the rise in the prices of all first-class American securities caused by improved markets in the United States and in a measure by the fall in American exchange. As already indicated, this appreciation in the value of American securities created a large selling movement, in order to accelerate which the Government is taking powers to mobilize American securities in Great Britain to form the basis of the future credit operations rendered necessary to meet our commitments in the United States. The depreciation which has taken place in securities is strikingly illustrated by the following figures

of the quoted value of 387 representative securities, as published by the "Bankers' Magazine:"

December, 1909.....	£3,711,000,000
December, 1913.....	3,341,000,000
February, 1914.....	3,455,000,000
July, 1914.....	3,370,700,000
November, 1915.....	2,968,459,000

Many of the prices are still based on the minimum prices fixed last year, but a recent Treasury Order has inaugurated a plan for reducing the minimum prices of Government, Municipal and Foreign Government issues which, if successful, may in time be extended to all the securities for which a minimum price is now fixed.

A comparison of the figures of the new capital subscribed during the past year with those of former years indicates forcibly the effect which the war has had on London's ability to provide fresh capital. The importance of the Treasury Order restricting the issue of new securities cannot be exaggerated, and while numerous applications were granted, such issues were almost wholly confined to Colonial Government loans and to the partial renewal of maturing loans and short-dated notes. The total of new issues exceeds all records, but the War Loan of six hundred million pounds accounts for the bulk of it, and the greater part of the balance was issued during the first six months of the year and is largely the result of refunding or renewal operations. The figures as supplied by the "Statist" are as follows:—

	1913	1914	1915 10 months
United Kingdom.....	£49,236,982	£380,159,818	£ 629,049,648
India and Ceylon.....	3,752,909	7,407,494	3,796,830
Canada.....	66,255,540	46,363,905	8,403,750
Other British Possessions	28,701,212	32,982,423	11,021,500
Foreign Countries.....	97,958,945	72,167,244	27,462,500
	£ 245,905,588	£ 539,080,884	£ 679,734,228

Canada's share is principally represented by the loan operation carried through early in the year to provide funds

to retire short-dated Government Treasury Notes. At the beginning of the year the outstanding Canadian Treasury Bills issued by the Dominion and Provincial governments and municipalities amounted to nearly ten million pounds, of which over eight million pounds have now been retired. This is a very creditable performance in the light of past events.

It is impossible, as long as a state of war exists, to venture any opinion as to its effect on the future course of finance. At its inception it was the conviction of many that the economic strain would compel the belligerents to conclude an early peace, but subsequent events have proved the error of this view, and this seventeenth month of the war finds its area and intensity increased, expenditure on a vaster scale than was believed possible, larger numbers under arms or arming than was ever conceived could be placed in the field, and on the part of the Allies greater determination than ever to spare no sacrifice in their endeavour to compel the Central Powers to sue for peace. In fact, it must be acknowledged that the apparent lack of gold or international credit facilities need not necessarily compel a power like Germany to sue for peace, while, on the other hand, the Allies, with the markets of the world at their command, are equally able to continue the struggle indefinitely. The danger of financial and physical exhaustion, however, increases with the progress of the war, and the problems involved have assumed such vast proportions that their solution will demand all the wisdom and courage of the Governments concerned, as well as the exercise of the strictest economy and great self-sacrifice by the people of the allied nations.

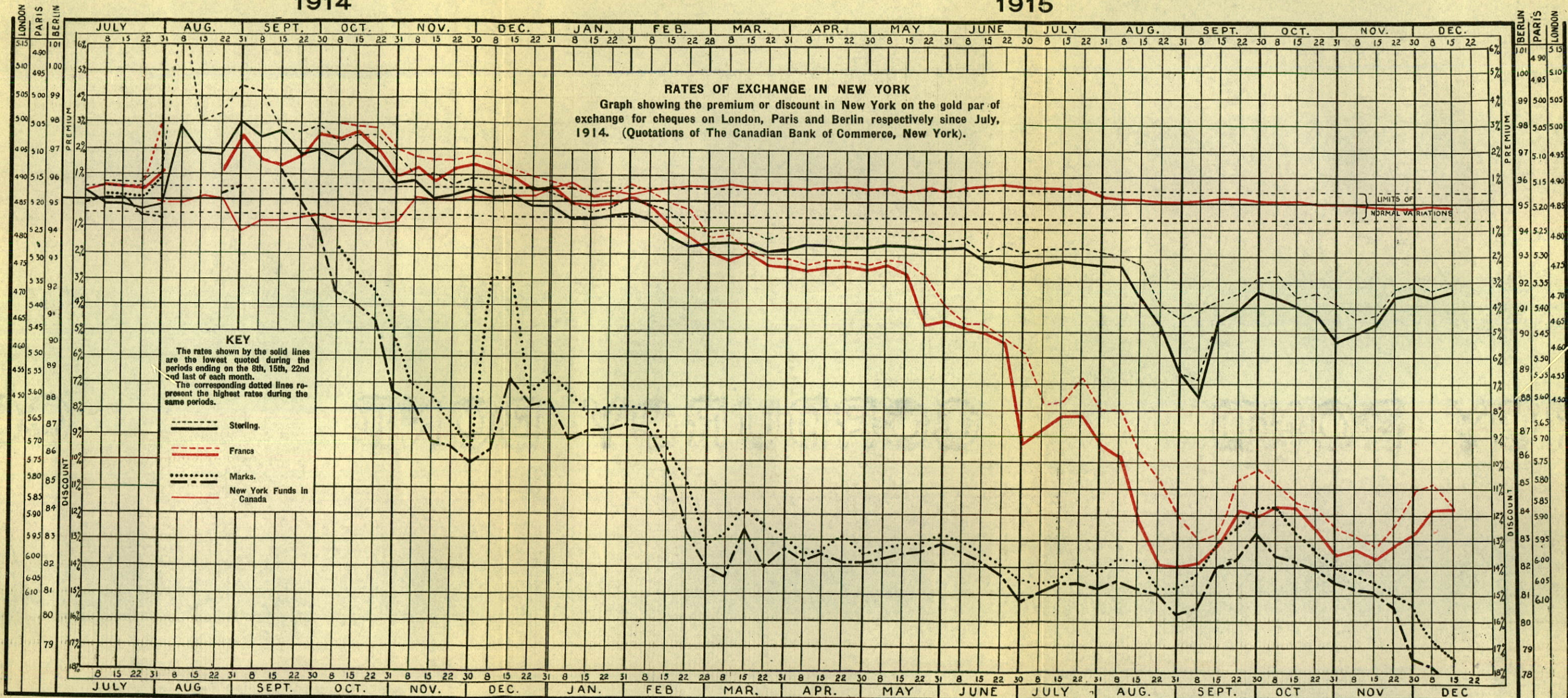
1914

1915

RATES OF EXCHANGE IN NEW YORK
 Graph showing the premium or discount in New York on the gold par of exchange for cheques on London, Paris and Berlin respectively since July, 1914. (Quotations of The Canadian Bank of Commerce, New York).

KEY
 The rates shown by the solid lines are the lowest quoted during the periods ending on the 8th, 15th, 22nd and last of each month.
 The corresponding dotted lines represent the highest rates during the same periods.

--- Sterling.
 --- France.
 Marks.
 --- New York Funds in Canada.



Mr Denton

Bank of Canada